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Contents for October 1944

HENRY M. WAITE, 1869-1944	438
EDITORIAL COMMENT	<i>Alfred Willoughby</i> 439
LET'S LOOK AT CIVIL SERVICE!	<i>H. Eliot Kaplan</i> 441
RURAL COUNTY CAN BE EFFICIENT	<i>R. R. Renne</i> 448
PHILADELPHIA TAX IN FIFTH YEAR	<i>Robert J. Patterson</i> 452
BY THEIR OWN BOOTSTRAPS, II	<i>William M. Tugman</i> 458
HOW TO SET UP UTILITY DISTRICTS	<i>John Bauer</i> 462
ON THE LOCAL FRONT	<i>Zilpha C. Franklin</i> 469
CONTRIBUTORS IN REVIEW	472
LETTER TO THE EDITOR	473
NEWS IN REVIEW	
CITY, STATE AND NATION	<i>H. M. Olmsted</i> 476
RESEARCHER'S DIGEST	481
CITIZEN ACTION	<i>Elsie S. Parker</i> 484
PROPORTIONAL REPRESENTATION	<i>George H. Hallett, Jr.</i> 487
COUNTY AND TOWNSHIP	<i>Elwyn A. Mauck</i> 490
TAXATION AND FINANCE	<i>Wade S. Smith</i> 493
LOCAL AFFAIRS ABROAD	<i>Edward W. Weidner</i> 495
BOOKS IN REVIEW	499

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— Buy United States War Bonds and Stamps —

Henry M. Waite, 1869 - 1944

COLONEL Henry M. Waite, noted engineer and public administrator and former president of the National Municipal League, died September 1 in Washington where he was still serving his government in important capacities at the age of 75.

After some years in mining and civil engineering activities, Colonel Waite was drawn into public service for the first time when a "reform" mayor appointed him chief engineer of Cincinnati in 1912. His appointment two years later as the first city manager of Dayton was destined to influence indelibly not only the future of that city but also the future of the council-manager plan.

"Colonel Waite assumed office at a point in Dayton's history when 'everything was to be done,'" it is pointed out in Leonard D. White's *The City Manager*. "The city was in arrears not only financially but in almost every aspect of its civic affairs. The flood had left its trail of destruction but had aroused a spirit of determination to repair the damage. This general situation together with the expectation that a 'revolution' would be introduced by the new form of government and with the driving personality of the manager initiated a remarkable civic renaissance."

Dayton was the first large city to adopt the council-manager plan. Up to that time opponents of the still new system were fond of insisting that, although it obviously worked well in smaller communities, it would not work in big cities. The immediate success of the plan in Dayton started a procession of other large cities on the road to administrative improvement and the statesmanship of Colonel Waite set precedents which became traditional in Dayton and elsewhere.

Many municipal services now accepted as commonplace were pioneered by Dayton. Free nursing, free legal aid bureau, free employment bureau for women, crime prevention bureau and numerous other services were established while, at the same time, Colonel Waite was finding many ways to make spectacular businesslike economies. He saved several hundred thousand dollars a year for gas consumers by securing natural gas at 34 cents to replace artificial gas at 85 cents. He cut unit costs all along the line through adequate financial and administrative control. Garbage collection costs, for example, were cut from \$2.60 to \$1.60 per ton, and a modern garbage reduction plant was built that became self-sustaining. Centralized purchasing and sound budget procedure were inaugurated to insure proper control over expenditures. The eight-hour day was established for municipal employees.

Colonel Waite left Dayton to take part in the first World War as chief engineer and deputy director of transportation on the staff of the American Second Army and as deputy transportation director with the Third Army in Germany. He received the Distinguished Service Medal and was made an officer of the Legion of Honor by France.

After the war he was a consulting engineer, except for the period during 1933 and 1934 when he was deputy administrator of the Public Works Administration. At his death he was a consultant on war projects in the United States Bureau of the Budget.

Colonel Waite succeeded Charles Evans Hughes as president of the National Municipal League in 1921 and served for three years. He was a member of the League's Council at the time of his death.

National Municipal Review

Editorial Comment

A Little County Shall Lead Them

IT HAS often been claimed that, although the manager plan has shown good results in populous counties, it is adaptable only to large-scale operations and would not work in sparsely populated rural counties, which the large majority of our more than 3,000 counties are.

The politicians have been loud champions of this idea. But their opposition to non-political administration stands suspect, for no one knows better than they that the counties are the sinews of the state political organizations. Until the county party leaders can be persuaded that it is possible to base a political organization on principles and issues rather than on the dispensing of jobs to their workers they will continue to deny the validity of every demonstration that county bossism is wasteful and anti-democratic.

More significant in the long run, some distinguished students of government have agreed with the politicians, though of course for entirely different reasons. They have felt that the small rural counties perform little in the way of services for their people and that there is, indeed, scant justification for many of them to have organized governments at all.

Now, for the first time, a small rural county has tried the manager plan and has demonstrated, over a period of eighteen months, that efficient organization makes it possible to live within available income.¹

¹See "Rural County Can Be Efficient," by R. R. Renne, p. 448 this issue.

Petroleum County, Montana, has a population of less than 1,200 and its largest community, the county seat, has 400. As its oil resources declined, tax revenue fell far below expenditures, with no apparent hope of bringing income and outgo into harmony without a major operation of some kind. In desperation, the people adopted the manager plan by a two-to-one vote. The plan went into effect January 1, 1943.

Expenditures were cut 25.6 per cent and the net indebtedness from \$50,350 to \$12,292.

The amounts involved here may look like chicken feed to people accustomed to the offhand bandying about of millions and billions in talking of government finance, but suppose 2,000 other rural counties could have similar awakenings. Suppose unnecessary officials and employees could be cut off the public payroll everywhere, from bottom to top, on the same scale.

No government operation is too big or too small to be operated in a way that will cut out unnecessary waste and give the taxpayer his money's worth. Confidence in our whole system is weakened when the people are led to believe that inefficiency, waste and costly favoritism are essential parts of self-government.

* * *

It is worth mentioning that for many years the politicians used to say, "The council-manager plan may work all right in small towns but it

would never do for big cities." Then came dramatic demonstrations to the contrary as Dayton, Cincinnati, Toledo and scores of other sizable cities adopted the plan.

With counties it has been different. The big counties, with big problems, felt the pressure first and had to clean house. Petroleum County, out of sheer necessity, has put forth

a pioneering effort which can be followed profitably by many other small counties. In the aggregate, they could produce huge savings. More important, they could, by proving themselves competent to run their own affairs, stop the continued growth of federal and state controls which are gradually destroying local self-government.

Getting Rid of Red Tape

THIS is no time, and perhaps there never is a time, to say a few words in defense or justification of governmental red tape and bureaucracy, but the forthright article "Let's Look at Civil Service!" in this issue brings to mind the old yarn about the argument between the physician, the engineer and the politician over whose profession is the oldest.

The physician cited the creation of Eve from Adam's rib as a surgical operation. The engineer argued that, before Eve, order had been brought out of chaos—clearly an engineering feat. "Not so fast, not so fast," said the politician, "who d'you think made the chaos?"

Without seeking to justify or preserve any part of existing government chaos, it would seem wise to grant that much if not most of today's red tape and bureaucracy came bit by bit as the result of honest efforts to overcome abuses, thwart scoundrels or protect public funds.

Every time someone discovered a loophole in the law another patch was added in the shape of six forms to fill out instead of three, a new bureau to make some part of the population behave or another agency to check up on existing agencies.

The end product becomes pretty ridiculous in many specific situations and it's a healthy thing to promote critical re-examination. But it is scarcely sound to believe, as many do, that government just naturally *wants* to be circuitous and pettifogging any more than business or any other organization does.

The demand for the elimination of red tape in civil service is wholly justified. There should be constant effort, indeed, to combat it in all governmental activities and to simplify the operation of public affairs. Even at the risk of adding still another bureau, it would probably pay many governments to have agencies devoted wholly and positively to this cause.

Let's Look at Civil Service!

Merit system champion calls for end of archaic methods, red tape of meaningless precedent and tradition; sees modernization of personnel practices a postwar need.

By H. ELIOT KAPLAN, *Executive Secretary*
National Civil Service Reform League

INCREASING demands on our state and municipal governments, with their expanded construction programs which will probably run into billions; make the need for more effective administration of state and municipal personnel agencies one of the major problems of postwar reorganization and readjustment. Now is the time to take stock of our civil service merit system and to start overhauling the personnel machine to make it work more expeditiously and smoothly.

Two decades ago, commenting on the civil service in Great Britain, Winston Churchill paid the service this high compliment:

Powerful, uncorruptible, anonymous, the civil service of this country discharges a function which is invaluable and without which immediate disaster would overtake any administration that attempted to carry on the business of the state. In all this quick moving life what a vital thing it is to have some instrument which is thinking not in days or in months or in parliaments, but is thinking of the affairs of the British Empire in terms of a whole lifetime.

The same sentiments might well be expressed with relation to the civil services of our states and municipalities, as well as our federal service.

We have made great strides in virtually eliminating the patronage system in our public services, or at least in keeping it within reasonable

bounds. We have, however, been too complacent with slow, irregular and plodding progress in improving the organization of personnel agencies. We still indulge archaic methods and outworn practices. Yet we wonder that our personnel management system is only partly effective despite the half century of experience in merit system administration.

Criticism of civil service administration is to be expected from the predatory politicians. We can dismiss these as the grouches of frustrated spoilsmen. There are, however, many political statesmen and advocates of the merit system itself who have just cause for complaining that it has fallen far short of its objective. They justly claim that too much attention has been given to form and not enough to substance. They properly deplore the tendency of personnel agencies to act as policing agencies instead of servicing agencies for operating departments.

Advocates of the merit system appreciate that it has been made only half as effective in practice as it could be made. Strides have been made by fits and starts. No planned, sustained program for the achievement of a well rounded, sound personnel system has been developed under really effective leadership. Many ambitious programs in that direction have been started but few have been carried to completion.

Let us look at our civil service objectively. We find that basically what has been lacking has been the will on the part of government executives to make the merit system work objectively, impersonally and non-partisanly. Neither foresight nor imagination has been sufficiently invoked to inspire the drivers of the civil service machine to make it hit on all cylinders. Neither political courage nor dynamic leadership has really existed in most of our civil service commissions.

Educate the Public

We have yet to educate public opinion as to what is really needed to make our merit system work effectively within the framework of our democratic system. We have had reorganization after reorganization of personnel agencies. But is this the solution of the problem of making the merit system what it should be—a modern personnel system which will provide the state or municipality with trained, competent employees, managed with the same scrupulous regard for economy and efficiency expected of employees of private enterprise, insuring to the taxpayers a dollar's worth of service for every tax dollar expended on the public payrolls, while at the same time underwriting for public employees a sufficiently attractive career in government service?

Hardly so. No law, no system of administration, no highly refined practices or procedures nor lavish appropriations will solve the problem of public personnel management. All these, even when applied concurrently, will fail in reaching the goal of a true merit system unless the gov-

ernor, mayor or other executive head assumes full responsibility for making the merit system work. The executive is responsible for determining policies of administration and must assume leadership. On his interest or concern depends primarily the caliber of the public service. Regardless of the theory of the independence of our personnel agencies, in practice it is the executive who must exercise leadership and determine the kind of service the people should get.

In most jurisdictions civil service laws already contain the essentials of a comprehensive merit system. In many jurisdictions the law needs strengthening and in some even complete overhauling. But this is only one phase of the problem. The real crux is the strengthening of administration. This demands a strong, well equipped and adequately financed central personnel agency. We have the framework but we lack the vitality necessary to make the merit system work.

First of all, we must determine whether the personnel agency is to be half political and half merit, or all merit. It is too much to expect a strong merit system administration if the personnel agency views its task in large measure as solely the balancing wheel of political administration. The function of that agency is to determine public policies of merit system administration, not the partisan political policies of any administration in power. Our present setup of bipartisan, politically selected commissioners is hardly conducive to objective, nonpartisan administration of our civil service. Under such system the merit system already has one political strike

against it before it gets started, even under the best of political auspices.

We have not yet rid our minds of the notion that the political party in power is entitled to patronage and that its control must be exercised through a politically guided personnel agency. We often confuse control of political patronage with personnel management. We are here concerned, however, not with the problem of patronage but rather the more vital issue of sound personnel management.

Partisan Commissioners Unnecessary

To begin with, then, we must organize our personnel agencies by getting rid of the notion that a multiple commission representing both major political parties is necessary for maintaining the integrity of the merit system. The truth is that a bipartisan commission contributes toward its political concept rather than encouraging nonpartisanship. The time has come when we can safely entrust the administration of the merit system to a single executive—comparable to other heads of departments—held solely responsible for determination of policies and direction and administration of the personnel agency.

What is the real job of a modern public personnel agency? It is not solely to recruit and examine for public positions. It must assume the management of personnel affairs of its jurisdiction from the initial point of attracting talent to the service, through the processes of selection, training, promotion and, finally, separation from the service. It must give its attention to working conditions of employees and be mindful

of the prerogatives of operating departments in their responsibility for servicing the people.

The personnel agency must not continue as a mere passive recruiting and examining agency seeking only to find reasonably qualified persons for public employment. It must strive to make the public service attractive enough to persuade the most talented persons to seek careers therein. Not until the public becomes aware that personnel management is not the task of amateurs and self-seeking politicians, and demands the services of top-flight executives of demonstrated capacity for formulation and direction of personnel policies and administration, will we achieve the results we seek. Membership on the civil service commission is still viewed in most jurisdictions as a political plum rather than as a challenging task for the ablest executive and administrator.

There is hope of getting non-politically an able personnel manager or director whose responsibility it must be to see that the work of the personnel agency is carried out expeditiously, intelligently and with more than just routine, passing interest on the part of his technicians. He must set the tempo of service to be furnished operating departments, must supply the drive and must co-ordinate the agency's many activities. It is not essential that he be a technical expert in personnel practices and procedures; rather he must be a trained administrator with capacity and imagination and with a general understanding of and sympathy with the operation of a sound merit system. It is a man-sized job for which a state or municipality

may have to search far and wide to find the ablest person. It must pay adequately for his hire.

The creaking civil service machine has become bogged down by meaningless precedent and tradition and has been clogged with futile red tape. It needs to be rejuvenated. It needs more than grease and oil. It needs new parts and capable drivers and mechanics.

Capable Staff

Most personnel agencies lack a professional and capable technical staff equipped to perform the vital functions demanded of a modern personnel agency. We need more than just high grade appointment clerks and technicians. We need persons with proper appreciation of their responsibility to make available to operating department heads the best talent that can be found for public service.

What about the responsibility of operating departments in the personnel picture? They, too, must play a more vital role if we are to have a modern personnel system. For example, responsibility for recruiting competent talent is a dual one. Initially it belongs to the personnel agency. It is also, however, the responsibility of the operating departments to co-operate in this sphere. They must not depend exclusively on the personnel agency. They must aid in the recruiting process by encouraging persons of talent to compete for public places.

The probationary service period must be revitalized. The mere passing of a competitive test is not enough to demonstrate actual proficiency or capacity to assume re-

sponsibility of the job. This can better be demonstrated by actual performance on the job itself. Unfortunately, the probationary period is viewed only casually by most department heads. They overlook its place as part of the examination procedure in determining the practical value of the appointee in a particular job and promise of his capacity for more responsible future service. It is the department's responsibility to guide and train the new appointee through the probationary period, to scrutinize critically the performance of the probationer so as to weed out the unfit and those lacking promise. The personnel agency, however, must act as a safety valve in protecting the service itself from possible loss of overlooked talent which may be directed into other channels.

At present there is little integration and coordination of the personnel practices of the operating departments and the personnel agencies. Few jurisdictions recognize the need and value of the part played in the personnel program by departmental personnel officers whose responsibility it should be (1) to act as liaisons between their department and the personnel agency in recruiting, selection, in-service training, etc., and (2) to be responsible for the personnel phases of their department beyond these functions, including proper assignment of employees, handling of employee relationships, grievances, welfare, etc. To be sure, in some jurisdictions attempt to cope with these personnel problems has been made. Few of them have been really successful, largely because the approach is only half-hearted and the means inadequate. Departmental

personnel directors where they do exist in operating departments rarely rise above the level of appointment clerks with little authority. They are usually ignored in developing the management policies of the department. They must be in close contact with the personnel agency and be an integral part of the operating department machine. They should be constantly aware of the mutual personnel problems that arise and aid in recommending or effecting solutions for and improvements in personnel management.

Inject New Blood

The civil service must not be permitted to become static, stodgy and unduly bureaucratic in its methods. We must occasionally infuse new blood into the life stream of the civil service to inject new vitality. We must bring persons of demonstrated capacity into the service to get more elastic and imaginative direction. If nothing else, such a plan would keep those in the more responsible places alert and on their toes, encourage a finer competitive spirit and help to keep the public service out of the doldrums.

Salaries paid for the general run of positions in the public service are reasonably comparable to those paid for similar work in private industry. In the lower brackets they are generally as high as and often higher than those paid by private industry for similar work. In the higher administrative and executive positions, however, salary levels in the public service are far below those paid for similar service in private enterprise. The salaries of key positions in the civil service are much too low to at-

tract the talent our public service needs. In spite of the commendable patriotic desire of citizens to serve the public, the spread between salaries paid for executive direction in industry and in the civil service makes too wide a gap and demands too much sacrifice. Salaries in the higher brackets must be raised considerably if we are to attract the best potential employees to our civil service and keep them content. It is an investment the taxpayers can well afford to make.

There are other weaknesses in the present operation of our civil service systems. Competitive examinations are essential in a sound personnel system. They must be well planned, tested by experience and made practical to be of real value. They must not, however, be viewed as a mere fetish where other practical means of determining merit and fitness serve a better purpose and bring better results. All modern techniques must be tried for determining the qualitative capacity of prospective employees, as well as quantitative education and experience. Too much emphasis is placed on quantity rather than quality of record and accomplishment and inadequate evaluation made of potential supervisory capacity.

We are still suffering from long delays in rating examinations. Shortcuts without sacrificing the competitive principle must be and can be developed. There must be more preliminary screening of lesser qualified candidates who, although barely meeting minimum requirements for entrance, indicate by their lack of education and experience little likelihood of obtaining a sufficiently high place on the eligible list. We must

seek out the best qualified candidates for reasonably immediate appointments. It is not the province of the personnel agency merely to determine how many candidates may receive a passing mark, or how long an eligible list can be established. The number on eligible lists should be limited to meet the needs of the service. If an eligible list of five, ten or twenty-five names will serve the purpose why worry about the lesser qualified applicants who may never be reached for appointment anyway?

Find the Best

We must appreciate the fact that civil service tests, unlike licensing tests, should be designed to find the best among qualified candidates. The purpose is not merely to "qualify" candidates as for a physician's license or for admission to the bar. It requires better judgment on the part of the personnel agency in determining the passing basis in competitive tests as well as the reasonable number necessary on each eligible list to meet the needs of the service.

Considerable strides have been made in improving the classification of positions but most jurisdictions are still 25 years behind the times.

Only lately have we given much attention to guiding, acquainting and training new appointees with the duties of their positions and their relative responsibilities. Little has been done to train those in the service for responsible administrative and executive positions. No effective system of developing employees for responsible supervision has been carefully planned and organized. One of the basic shortcomings of our present personnel systems is the lack of

trained, competent supervisors. We have instituted orientation courses and basic training programs for the state police and fire forces, for example, but we have not gone far enough in equipping our public servants for more responsible supervisory services in other essential fields. We have done even less toward developing leadership among our more promising employees.

We have done little to develop selective certification from eligible lists. There are occasions where certifications can better be made on the basis of specialized qualifications among those passing more general tests. It is wasteful to hold unnecessary examinations when eligible lists already established can be made to fill our needs. With proper safeguards the personnel agency can develop a system of certification which will be more selective, and yet avoid possible abuses, and so meet more readily the needs of the service without undue delay and expense.

No adequate provision has been made for pooling resources in such fields as stenographic, clerical and even labor groups, to meet the fluctuations within the various operating departments seeking temporary or seasonal help.

Promotions within the service in most jurisdictions are haphazard and discriminatory, without regard to proved fitness. The personnel agency often plays only a casual part in the process and in most cases none at all. Service ratings as applied in most jurisdictions are of questionable value. True, no wholly reliable system of performance ratings has been yet developed which defies manipulation by biased supervisors or elimi-

nates faulty subjective reaction on the part of well meaning administrators. We have made strides in developing more satisfactory rating systems, but there is still reluctance in applying them. Even where applied the service rating results are not permitted to serve any particularly useful function. Operating departments, unfortunately, do not view them seriously enough to warrant more than casual attention. Here is a challenging subject for research and study to develop a simple, practical and reasonably reliable means of rating efficiency of employees.

Most personnel agencies are utterly devoid of investigators even for the purpose of checking or verifying *prima facie* cases of exaggeration and misrepresentation. Even investigation of character records is non-existent. Research activities have been only begrudgingly undertaken in a few areas and in minor fields. In the personnel field the research laboratory has been shunned as mere academic experimenting and financial extravagance, but we go on year after year probably making the same errors and blundering along in applying practices and procedures, the real selective and objective value of which we have only vague knowledge. Modest funds invested judiciously in this direction would bring large dividends in developing new methods and practices, in eliminating useless and

needless ones, and in finding shortcuts to more practical results.

Transfers and Dismissals

Transfers within the service are generally handled haphazardly and without any planned program. Dismissals from the service are as varied as whim and prejudices dictate with no attempt to face the problem realistically and in the light of long experience. The problem of handling dismissals has always been a knotty one, and no universally acceptable solution has yet been evolved; but the trouble is that most personnel agencies shun it rather than seek its proper solution.

Uniform plans governing leaves of absence, hours of work, vacations, compensable injuries, service retirements, as well as handling employee grievances, and employee relationships, are generally absent.

If we are to make our personnel agencies capable and equipped to meet the needs of our postwar era the present shortcomings and weaknesses in the administration of our civil service merit system must be eliminated. We must vitalize and modernize our civil service system. We must strengthen it and give it new impetus. The personnel agencies must find and make available within our democratic system the means to enable our operating departments effectively to serve the people.

Rural County Can Be Efficient

Manager plan, tried for first time in sparsely populated area, cuts government costs to fit shrunken tax revenues after oil resources run out in Petroleum County, Montana.

By R. R. RENNE, *President*
Montana State College

RESULTS achieved with the manager plan in Petroleum County, Montana, after eighteen months of operation, may not be spectacular but they are significant. They demonstrate that the manager plan can operate effectively in small rural counties as well as in larger urban counties.

Petroleum County is strictly rural. Its largest town, Winnett, the county seat, has four hundred people, and its total population is only 1,146. The manager plan went into effect January 1, 1943, having been approved by the voters of the county by a two-to-one vote on July 21, 1942.

Petroleum County was organized in 1924, the last of Montana's 56 counties to be created. Its area of 1,675 square miles was taken entirely from the eastern third of Fergus County, a large county in the center of the state. In 1926 the taxable valuation of the new county totaled \$4,875,000, almost \$2,000,000 of which came from oil fields in the Cat Creek area in the northeastern portion of the county. The county went heavily in debt for expansion of roads, schools and other services and in 1926 had an indebtedness of more than \$200,000.

Then taxable wealth and population began a steady decline because of a diminishing flow of oil and de-

clines in crop returns accompanying drought and depression. By 1942 the taxable valuation had shrunk to \$825,000, or about a sixth of the county's earlier wealth. Delinquent taxes piled up and tax-deed foreclosure acreage reached five figures. Widespread abandonment of farms was followed by submarginal land purchase by the federal government, creation of cooperative grazing districts, and the return of most of the land formerly used for wheat and corn to grass for cattle and sheep range.

Montana counties are not permitted by law to levy more than sixteen mills for general administration. Under this limitation Petroleum County raised only \$12,028 for the fiscal year ending June 30, 1942, whereas expenditures from the general fund amounted to \$22,882. This difference of more than \$10,000 was made up to a large extent by sales of tax-deeded lands and collection of delinquent taxes accompanying improved economic conditions. By 1942, however, the better county lands had been sold and most of the delinquent taxes had been collected. The county found it necessary to issue warrants in the late '30's and early '40's because it was unable to operate on a cash basis.

In the face of these conditions the Board of County Commissioners decided that the county should be put

upon a cash basis and if possible all indebtedness, both bonds and registered warrants, liquidated. Since they could not increase the millage levy they were faced with two alternatives—to raise assessed valuations or to reduce costs. The first of these was extremely unpopular and in the long run would undoubtedly defeat its own ends by creating increased tax delinquency. The second raised the question of what was the most desirable means of reducing expenditures.

One method of reducing costs which the commissioners considered was the consolidation of certain county offices. In 1938 they had consolidated the superintendent of schools' and assessor's offices and the sheriff's office was consolidated with the public administrator and coroner. On February 4, 1942, they passed a resolution consolidating the offices of superintendent of schools, assessor, public administrator, and coroner into one office, and the offices of sheriff, clerk and recorder, and treasurer into another. These sweeping consolidations were to go into effect January 1, 1943.

Governmental Costs Reduced

As has already been stated, however, the voters in the summer of 1942 approved the manager system, so that these consolidations never went into effect. Had the consolidations been put into operation they would not have secured centralized purchasing of supplies on a bid basis, simplified record keeping, nor the coordinated effort among the county officers possible under the manager plan. Consolidation of the county

with a neighboring county did not appear feasible.

Costs of general county administration in Petroleum County have been reduced more than one-fourth under the manager system. General governmental expenditures totaled \$22,250 for the year ending June 30, 1942, the last full fiscal year before adoption of the manager system. For the year ending June 30, 1944, the first full fiscal year of operations under the manager plan, general governmental expenditures totaled \$16,560. This is a saving of \$5,690, or 25.6 per cent, in general governmental expenditures in the first complete fiscal year of operations.

Elden Freed, the present manager and director of finance, believes that \$2,000 more can be saved after additional experience with the manager plan has been secured. During the past year, ending June 30, 1944, the maximum sixteen-mill levy allowed by law for general administration raised \$14,537. Thus, governmental expenditures would be approximately equal under the manager plan to the revenue derived from the sixteen-mill levy, indicating the county is approaching a pay-as-you-go basis.

These achievements substantiate the author's predictions, made at the time Petroleum County voters were considering adopting the manager plan, that total general administrative expenses could be reduced to less than \$15,000 annually with the manager system.¹ This amount is in sharp contrast to the more than \$22,000 spent for general administration under the old plan of opera-

¹See "Petroleum County, Montana, Secures Manager Plan," NATIONAL MUNICIPAL REVIEW, September 1942, p. 461.

tion. Even after some of the offices had been consolidated this amount was nearly double the revenue which was being secured from the maximum sixteen-mill levy.

Debt Liquidation Record

In addition to this fine record of reducing government expenditures and virtually enabling the county to go on a cash basis, Petroleum County has an excellent debt liquidation record under the manager system. On June 30, 1942, Petroleum County had \$20,705 of warrants and \$40,000 of bonds outstanding. On June 30, after eighteen months of operation under the manager plan, the county had only \$3,057 of warrants and \$20,000 of bonds outstanding. Sinking fund cash on June 30, 1942, amounted to only \$426, while on June 30, 1944, it totaled \$3,568. Cash balances in all funds excluding sinking fund amounted to \$9,929 on June 30, 1942, and \$7,196 on June 30, 1944. Thus, the county has a net indebtedness of only \$12,292 now, compared with a net indebtedness of \$50,350 at the end of the last fiscal year prior to adoption of the manager plan.

Although this excellent debt liquidation record is due in part to an increase in taxable valuations and reduced tax delinquency accompanying improved economic conditions during the war period, it is also partly the result of the reduction in governmental expenditures accompanying the manager form of government. Taxable valuation increased from \$825,000 in 1942 to \$908,000 in 1944. There were no increases in millage levies for any funds, including debt reduction.

These very significant financial achievements are largely the result of the coordinated plan of government administration characteristic of the manager system. With the previous system voters of the county elected a board of three commissioners, a county attorney, a clerk and recorder, a treasurer, a superintendent of schools and ex-officio assessor, a clerk of court, a sheriff and ex-officio public administrator, and coroner. Each of these officers ran his own office independently of the others because Montana law does not provide for any consolidation of activities.

A total of eight individuals in addition to the board of three county commissioners was employed to operate this headless, uncoordinated form of government. Before the county superintendent's office was consolidated with the assessor and the sheriff's with the public administrator and coroner, a total of eleven different individuals in addition to the county commissioners was employed. The election of these individuals by popular vote made a long ballot and relatively expensive elections.

Under the manager plan Petroleum County voters now elect only a board of three commissioners and a county attorney. The county attorney is the legal counsel for the county. The commissioners serve as a board of directors to formulate general policies and plans for the county. This board selects a manager to carry out its policies and to execute administrative details. The manager is removable at the pleasure of the board with rights to a public hearing.

The manager appoints the workers employed to operate the county government. At the present time five individuals including the manager, in addition to the three county commissioners, are employed. These are (1) the county manager who also acts as the director of finance, (2) a chief deputy, (3) a director of records and clerk of the district court, (4) a sheriff and assessor and (5) one clerical worker. Thus, the number of employees is now only three-fifths as great as previously and less than half as many as were employed prior to consolidation of the offices indicated.

Significance of Manager Experience

Under the Montana county manager law the work of the county is divided into three departments, finance, public works, and public welfare. There may be other departments where the work of the county justifies them. Petroleum being such a small county, the manager will probably eventually serve as head of all three departments, with perhaps three assistants, after additional experience with the manager plan has been secured. The number of employees would be only four, or just half the number employed under the previous system, and approximately a third as many as were employed prior to the consolidation of certain offices.

Considerable credit for the fine record of the manager plan in Petro-

leum County belongs to the employees who are responsible for its operation. The staff of five, headed by Mr. Freed, who followed Roy Martin, the first manager, on September 20, 1943, have no illusions about the possible accomplishments of the manager plan. But they are fully convinced that with honest, efficient workers this new form of administration is a very desirable one and one which has made it possible for their county to get on a cash basis and to liquidate much of its previous indebtedness — something which the former uncoordinated, headless form of government was not achieving.

In addition to making it possible for Petroleum County to balance its books and get on a pay-as-you-go basis and to liquidate most of its indebtedness, the experience of this county demonstrates that the manager plan can operate effectively in small counties. This is contrary to the far too general impression that the system is suited only to larger counties that can pay salaries adequate to get qualified, highly trained managers. Moreover, the Petroleum County record is an excellent example of the possibility of obtaining a form of government better adapted to the needs and resources of the plains region. Many northern great plains counties, faced with much the same problems Petroleum County has encountered, have considered the manager system for some time but have lacked the courage to initiate it.

Philadelphia Tax in Fifth Year

Earned income tax produces one-fourth of city's revenues, balances budget after two decades of deficits, forestalls increase of property tax or renewal of unpopular sales tax.

By ROBERT J. PATTERSON

Bureau of Municipal Research of Philadelphia

PHILADELPHIA has now had almost five years' experience with its earned income tax.

Financially that experience has been excellent. The tax has been highly productive and continues so even with the reduction of one-third in the rate made about two years ago. Adoption of this tax has enabled the city to balance its budget each year beginning with 1941, the second year of income tax collections, in sharp contrast with nineteen successive annual budget deficits immediately preceding 1941 — deficits which averaged \$10,284,000 a year and ran as high as \$32,530,000.

The income tax has much more than bridged the gap that for years had existed between revenues and expenditures chargeable against revenues, and it has done this alone, without benefit of additional taxes or charges, or increases in the rates of existing revenues. The city-county tax on real estate has continued at the low rate that had been in effect in and since 1936, the lowest rate since 1917; and the renewal of the unpopular 2 per cent sales tax of 1938, imminently threatened until the income tax was adopted, has been avoided. Had the income tax not been imposed and continued, there probably would have been both a substantial increase in the real estate sales rate and a restoration of the sales tax.

An especially noteworthy feature of Philadelphia's income tax is its ability to reach, better perhaps than anything else could, the many thousands of non-residents who earn their living or part of it in the city but who, with few exceptions, would contribute little or nothing toward the cost of Philadelphia's government were they not subjected to the tax.

Solves a Major Problem

Through the tax Philadelphia neatly and effectively reaches these "daylight citizens," as the non-resident constituents of the city's working population have aptly been called.

Philadelphia thus has gone far towards solving one of the major problems faced by most big cities—how to make the large and increasing number of "outsiders" who benefit more or less constantly from numerous costly facilities, activities and services which the city provides pay their fair share of the costs involved.

Exact information as to how much the city obtains through its income tax from non-residents is not available, but officials in charge of city tax collections estimate that it is upwards of \$6,000,000 a year, or about 30 to 33 per cent of the total income tax receipts. Six million dollars is more than one-seventh of the current year's city-county real estate tax levy. It would require an increase of \$2.50 per \$1,000 of assessed valuation—from \$17 to \$19.50—to raise

that amount by additional real estate taxes.

Subjects and Rates

Philadelphia's income tax applies to two kinds of earned income: earnings of individuals as employees and the net profits of unincorporated businesses and professions. More specifically, the tax applies to:

(1) All salaries, wages, commissions, and other compensation of employees earned on and after January 1, 1940, by (a) residents of Philadelphia, whether earned within or without the city, or by (b) non-residents for work done or services rendered in the city. Compensation earned during the three years 1940-1942 was taxed at $1\frac{1}{2}$ per cent; compensation earned after 1942 is taxed at 1 per cent. The tax applies to the entire compensation; none of it is exempt.

(2) The net profits earned on and after January 1, 1939, by unincorporated businesses and professions conducted in Philadelphia, whether by residents or non-residents; the net profits earned on and after January 1, 1939, by unincorporated businesses and professions conducted outside Philadelphia by residents of Philadelphia; and the shares of residents of Philadelphia in the net profits earned on and after January 1, 1939, by unincorporated businesses and professions conducted outside Philadelphia by one or more residents of Philadelphia in association with non-residents. The profits of the three years 1939-1941 were taxed at $1\frac{1}{2}$ per cent; those of 1942 and subsequent years are taxed at 1 per cent. The tax applies to the entire net profits; none of it is exempt.

It will be observed that the income

tax applied to the net profits of unincorporated businesses and professions beginning with those of 1939, whereas it applied to employees' compensation beginning with that earned in the following year, 1940. It will be observed also that when the rate of the tax was reduced from $1\frac{1}{2}$ per cent to 1 per cent, the new rate applied to the net profits of unincorporated businesses and professions beginning in 1942, and to the compensation of employees beginning in 1943. Thus, each of the two classes of earnings were taxed for three years at the original $1\frac{1}{2}$ per cent rate, and since then have been taxed at the reduced 1 per cent rate. Presumably, any further changes in the rate of the tax, or the repeal of the tax, would be on the same basis in order to subject each class to the same rate of tax for the same length of time.

Profits of corporations are not subject to Philadelphia's income tax. This is because (1) it is believed that the city's power to tax incomes rests solely on a state law of 1932; (2) this law, in so far as it enlarged the city's taxing power, granted the city the right to tax only subjects not taxed by the state, and only while not taxed by the state; and (3) the incomes of corporations have been taxed by the state since 1935.¹ The

¹The courts have ruled, however, that the state tax commonly regarded as a corporation income tax is not a tax on incomes, not an income tax, but a franchise tax measured by the corporate net income. Possibly, therefore, the city has power to tax the incomes of corporations, as well as those of individuals and partnerships. It is unlikely, though, that the city would attempt to take advantage of these legalistic distinctions and try to tax the incomes of corporations.

state, however, does not tax the incomes of individuals or partnerships.

Income derived from interest, dividends, pensions, annuities, rentals, and royalties is not subject to the tax, except as such income may enter into the computations of the profits of businesses or professions subject to the tax.

The tax on salaries and other compensation is a tax on the individual employee; it is not a tax on either the payrolls or the employers. Employers in the city are required, as collecting agents for the city, to withhold and remit the tax on the compensation paid by them to residents of the city, or to non-residents for work done or services rendered in the city; but, except to remit the taxes thus withheld, employers make no payments to the city with respect to their payrolls or any of the earnings of their employees.

How and When Payable

Most of the tax on compensation of employees is collected at the source. From its start employers in Philadelphia have been required to deduct the city's income tax from each payment of the salary or other compensation of each employee affected. Amounts thus withheld are required to be paid to the city by the 15th day of the succeeding month. Practically every employer in the city (except the federal and state governments) complies fully with this requirement. Remarkably little difficulty has been encountered in securing full compliance.

Residents of the city who are em-

ployed outside the city, and both residents and non-residents who are employed in the city but whose employers have not withheld the tax on their pay, are required to file a return by March 15 of each year, showing their taxable earnings during the preceding calendar year and the amount of tax due. At the time the return is filed at least one-fourth of the year's tax must be paid. At least one-half must be paid by June 15, three-fourths by September 15, and all of it by December 15. This group consists largely of federal and state employees.

All persons who conduct unincorporated businesses or professions in the city, and all residents of the city who conduct an unincorporated business or profession outside the city, whether alone or in partnership, are required to file a return on or before March 15 of each year, showing net profits and other relevant details for the preceding calendar year and the amount of the tax due the city on those profits. At least one-fourth of the year's tax must be paid when the return is filed, one-half by June 15, three-fourths by September 15, and all of it by December 15. Where the fiscal year differs from the calendar year, however, but ends with the last day of a calendar month, and is recognized by the federal government for income tax purposes, the return must be filed and at least one-fourth of the year's tax paid not later than the 15th day of the third month following the close of the fiscal year; and if the tax is not then paid in full further payments must be made so that not less than one-half, three-fourths, and all of it is paid, respec-

Should the city do so, the state legislature doubtless would bar the city from extending its income tax to corporations.

tively, by the 15th day of the sixth, ninth, and twelfth months succeeding the end of the fiscal year.

Taxes not paid when due bear interest at the rate of 6 per cent a year until paid and in addition have a penalty of 1 per cent a month or fraction of a month added for each of the first six months of delinquency. Failure to file a return or refusal to pay the tax when due makes the offender subject to a fine of \$100 or, if the fine is not paid, to a term of thirty days in jail.

What the Tax Has Produced

Total Yield. From the first collections in February 1940 to the close of July 1944 Philadelphia's income tax has yielded the city \$93,648,076.97, or an average of \$1,734,223.65 a month for the 54 months. In the four years 1940-1943 (47 months of collections) the city's receipts from this tax totaled \$80,185,646.65, or \$1,706,077.59 a month. Last year, 1943, the receipts amounted to \$20,761,883.44, and averaged \$1,730,156.95 monthly.

In the last twelve months (August 1943-July 1944) collections were \$21,394,458.13, or \$1,782,871.51 a month. Virtually all the receipts of this twelve-month period represented collections at the present 1 per cent rate; only a small portion was for delinquent payments of taxes at the former 1½ per cent rate. Although the rate of the tax was one-third lower, the receipts of these twelve months were only 14.51 per cent below those of the last twelve months during which the collections were all at the original 1½ per cent rate (February 1942-January 1943). In that period, which was also the

record high twelve-month period of income tax collections, the receipts were \$25,026,602.12, a monthly average of \$2,085,550.18.

Yield from Payrolls. By far the major share of the city's income tax receipts comes from the tax on the salaries and other compensation of employees. This is the portion of the income tax that is commonly called the "wage tax" or the "payroll tax" (although in some quarters these terms are used to designate only that part of the tax which is withheld by employers). Of the total income tax collections of \$92,030,948.02 to the close of June 1944 (the last month for which a breakdown is available), \$80,710,817.39, or 87.70 per cent, came from the tax on payrolls. During the four years 1940-1943 payrolls produced \$71,031,251.76, or 88.58 per cent of the \$80,185,646.65 total yield. In 1943 collections from the tax on employees' earnings amounted to \$18,403,255.24, or 88.64 per cent of the year's total income tax collections of \$20,761,883.44. Last year the average monthly receipts from the payroll portion of the income tax were \$1,533,604.60; from the start to the close of June 1944 (53 months) they were \$1,522,845.61; while to the close of 1943 (in other words, during the four years 1940-1943, with 47 months of collections) they were \$1,511,303.23.

Pay-As-You-Go-Collections. From the outset practically all the tax on employees' earnings has been collected on the pay-as-you-go plan through withholdings of the tax by employers, and most of the employees subject to the city's income tax always have been currently paid up. Altogether, to the end of June 1944, col-

lections through employers amounted to \$76,085,009.35, an average of \$1,435,566.21 a month for the 53-month period, and constituted 94.27 per cent of the total receipts from the tax on employees' earnings (\$80,710,817.39) and 82.67 per cent of the receipts from the entire income tax (\$92,030,948.02). In the four years 1940-1943 collections through employers totaled \$67,693,804.01 (\$1,440,293.70 a month for the 47 months of collections), and accounted for 95.30 per cent of the total payroll tax receipts (\$71,031,251.76) and 84.42 per cent of the total receipts (\$80,185,646.65) from the income tax. Last year, 1943, the pay-as-you-go collections totaled \$16,468,504.93, averaged \$1,372,375.41 a month, and represented 89.49 per cent of the total receipts from the tax on employees' earnings (\$18,403,255.24) and 79.32 per cent of the \$20,761,883.44 obtained from the income tax as a whole.

Direct Payments by Employees. To the close of June 1944 direct payments of the income tax by employees aggregated \$4,625,808.04. These payments account for 5.03 per cent of the total income tax collections from their start in February 1940 to the end of June 1944 and for 5.73 per cent of the total receipts in the same period from the tax on employees' compensation. However, since payments by employees whose tax was not withheld by their employers were not required to be made until March 1941, and no such payments were made until January 1941—in other words, since direct payments by employees began a year later than the other income tax payments, and have continued to be a

year behind them—it is more significant to compare these direct payments with the city's income tax collections beginning with January 1941. On this basis, direct payments by employees were 5.99 per cent of the total income tax collections from January 1, 1941, to June 30, 1944, (\$77,223,761.23) and 6.83 per cent of the collections of the payroll portion of the tax in the same 42-month period (\$67,700,974.81). In the three years 1941-1943 direct payments by employees amounted to \$3,337,447.75 and averaged \$92,706.88 monthly. In those three years direct payments constituted 5.75 per cent of the collections from the tax on employees' earnings (\$58,021,409.18) and 5.10 per cent of the total income tax collections (\$65,378,459.86). Last year, 1943, collections from employees whose employers did not withhold the tax from their pay totaled \$1,934,750.31, averaged \$161,229.19 a month, and equaled 10.51 per cent of the total collections of the payroll portion of the income tax (\$18,403,255.24) and 9.32 per cent of the entire yield of the income tax (\$20,761,883.44).

A considerable portion of each year's receipts from direct payments by employees, beginning with the receipts in 1942, represents payments due in one or more previous years. Many—perhaps most—state and federal employees withheld payment of the tax pending court determination of their liability to it. As decision after decision went against these employees, however, they began making payments, and more and more the city pressed for, and forced, payment by them. Even yet, it is stated, there are 25,000 to 30,000 federal

YEARLY RECEIPTS, PHILADELPHIA EARNED INCOME TAX

	<i>Payroll Through Employer</i>	<i>Payroll Direct from Employee</i>	<i>Total Payroll</i>	<i>Unincorporated Businesses and Professions</i>	<i>Yearly Total All Sources</i>	<i>Cumulative Total All Sources</i>
1940	\$13,009,842.58 ^a		\$13,009,842.58 ^a	\$1,797,344.21 ^a	\$14,807,186.79 ^a	\$14,807,186.79 ^a
1941	17,279,858.35 ^a	\$ 477,299.47	17,757,157.82 ^a	2,097,377.17 ^a	19,854,534.99 ^a	34,661,721.78
1942	20,935,598.15	925,397.97	21,860,996.12	2,901,045.31	24,762,041.43	59,423,763.21
1943	16,468,504.93	1,934,750.31	18,403,255.24	2,358,628.20	20,761,883.44	80,185,646.65
1944 ^b	8,391,205.34 ^b	1,288,360.29 ^b	9,679,565.63 ^b	2,165,735.74 ^b	11,845,301.37 ^b	92,030,948.02

^aCorrect amount of receipts for the period. The officially reported amount differs somewhat because the city, in order to make a better cash and budgetary showing for 1940, treated its general fund revenue receipts during the first twenty days of January 1941 as receipts for December 1940.

^bSix months, January-June.

employees who are withholding payment of the tax on their pay. A large proportion of these are, or claim to be, non-residents of the city, and thousands of them reside, or say they reside, outside the state as well.

Yield from Businesses and Professions. From that portion of the income tax that applies to the net profits of unincorporated businesses and professions the city has received \$11,320,130.63 to the end of June 1944, a monthly average of \$213,587.37 for the 53 months. In the four years 1940-1943 the receipts were \$9,154,394.89, or \$194,774.36 a month (47 months of collections), while in 1943 \$2,358,628.20 was collected, an average of \$196,552.35 monthly. Of the total income tax receipts in the respective periods, the tax on the net profits of unincorporated businesses and professions provided 12.30 per cent during the 53 months from the first collections in February 1940 to the close of June 1944, 11.42 per cent in the four years 1940-1943, and 11.36 per cent in 1943.

The above table gives an over-all picture of the city's receipts from the earned income tax to the end of June 1944.

Importance of Income Tax

That the earned income tax is a highly important element in Philadelphia's revenue system is clearly evident from the following facts:

(1) Last year, 1943, the income tax supplied 24.23 per cent of the city's entire revenue, while in the first four years of collections, 1940-1943, it provided 23.70 per cent of the total revenue.

(2) The yield of the income tax in 1943 was equal to 47.46 per cent of the year's total receipts from the city-county real estate tax (including both current and delinquent taxes); for the four-year period 1940-1943 the yield equaled 45.82 per cent of the total city-county real estate tax receipts.

(3) The receipts from the in-

(Continued on Page 471)

By Their Own Bootstraps, II

Eugene and Lane County descend together into the depths of debt over the typical free-spending road; problem: how to persuade the people to break a century-old habit.

By WILLIAM M. TUGMAN, *Managing Editor*
Eugene (Ore.) Register-Guard

EDITOR'S NOTE.—This is the second of a series of articles which tell the story of the efforts of an Oregon city and its neighboring communities to solve their problems and prepare for the future without outside aid.

IT IS less than a hundred years since that day in June of 1846 when Elijah Bristow stood on the grassy ridge above the forks of the Willamette River, at what is now known as Pleasant Hill, and said to his companions: "This is my claim! Here I will live, and when I die here shall I be buried!" Bristow built a cabin of logs at Pleasant Hill, the first white man's home in what is now Lane County.

The following spring one of Bristow's companions, Eugene F. Skinner, returned to the Upper Willamette valley and, with no declamation but with a keen eye to future values, staked out his claim where a certain butte which the Indians called "Ya-po-ah" stood near a ford of the rushing Willamette—and now the butte bears the name of Skinner—which may or may not be an improvement on Ya-po-ah. The city, with a better sense of euphony, has adopted the pioneer's first name Eugene, which they say means "well born."

Since then city and county have gone through nearly all the trials and vicissitudes which are common to American self-government. But, when and if the centennial is celebrated with one of those great open air

pageants of the Oregon Trail—3,000 people on stage with covered wagons and animals etc.—which the community has been staging since 1926, it will be possible to write into the script some joyous note on the fact that for the first time in nearly a hundred years county, city and schools are debt free.

It is not possible to say just when this community of Oregon pioneers first began to borrow money and accumulate public debt, but the available histories show plainly that its settlers brought with them across the burning plains the great American tradition—or myth—that the public credit is always good for more and more.

In 1852 the county of Lane was organized under act of the Oregon territorial legislature, and in that same year the town site of Eugene City was platted and recorded. In 1853, by a vote count which still puzzles, Eugene City became the county seat—instead of any neighboring town. By 1862 Eugene City had grown to the point where ambitious citizens wanted to incorporate, and the familiar phenomenon of taxpayer resistance had begun to appear.

This comment in *The State Republican* of September 27, 1862, may be illuminating:

Some of our citizens are striving to have Eugene City incorporated. Their reason is that they wish to

banish the common nuisances, hogs and grog shops, from the town. These are desirable objects but we would suggest that the whiskey shops can be abolished by cutting off the southern portion of this precinct, which extends away out into Africa, and was attached to this precinct for the sole purpose of sustaining these drinking holes. This can be done without any expense to the town. As to maintaining a city government *merely to get rid of a few old sows that might perambulate the streets*, that would be a very expensive way of accomplishing a small amount of good. The amount which would be expended for a couple of years to come in sustaining a city organization had better be applied to keeping a public school, or to making public improvements such as will *increase the business of the place* and attract a wealth and population competent to sustain a city government without oppressing the citizens with heavy taxes.

Do those arguments have a familiar ring? Despite protests the people of Eugene in 1864 voted to incorporate and in April 1865 they became a city under the law.

Early county, city and school records are not easily accessible, although it is known that most of them have been stowed in attics or basements of courthouse and city hall, there to wait the discriminating historian—and Miss Mabel McClain of the University of Oregon Library is seeking to get at them.

Walling's excellent *History of Lane County*, however, gives many glimpses up to 1884. Eugene City was having much trouble with fires—burning down every now and then. Hogs and grog shops had to be policed. Fire companies, police officers and hog wardens come and go upon the scene.

On April 10, 1876, President B. F. Dorris addressed a lengthy message to his city council: unpaid city operating warrants totaled \$732.90, roaming hogs were still causing complaints, street improvements remained unpaid, a considerable suburban area had been annexed and was threatening secession. Tax valuation was put at \$400,000 but President Dorris ordered his council to get busy and find retrenchments.

In October the council ordered an end to tolling the courthouse bell on the occasion of a death in the community, but this seems to have been more to save the nerves of the populace than for economy. By April 1877, Eugene City's debt had grown to more than \$1,100—but demands of a growing town were not letting up. President Dorris records that now they wanted street lamps and modern fire engines.

1879—All Debts Paid

Eugene City, however, was discovering that a city can collect revenues "other than taxes" and it was busily adding fines and license fees, so that in 1879 President Dorris was able to report "all debts paid and a balance of \$197.15." But the thrifty President Dorris noted many new headaches. The University of Oregon had been established in 1876, students in grog shops were becoming a problem, citizens were demanding solid footing on mud street crosswalks and more adequate lighting and policing. The thrifty Dorris recommended that the town marshal's pay be cut to \$60 a month and that collection of back taxes be added to his duties, and that citizens be required to give a day's labor

each year to build their own cross-walks. The city tax levy was up to four mills.

In the next few years there was much activity; the city bought a Button hand engine to fight fire, established a fire company, built a huge cistern for water supply in the business district—and got into debt again—but on April 9, 1883, Mayor T. G. Hendricks reported with pride: “. . . a balance of \$585.44. Outstanding warrants, nothing; indebtedness, nothing.”

And Mayor Hendricks (he was the pioneer banker) added this significant statement in view of Eugene's present effort to maintain a cash policy: “The current expenses of the city have been run on a three-mill tax . . . [This] has demonstrated *that two mills from the five-mill levy allowed by law can be used for many needful improvements within the city*. If you levy and collect taxes according to law, there is no occasion to leave the city in debt at the close of any administration.”

1929—Millions of Debt

Something happened to Mayor Hendrick's “pay-as-you-go” program! So far as we can learn, from 1884 to the present the city has never again been out of debt!

By 1929 Eugene's books and records were so scrambled that the council hired a firm of Portland accountants to set up an entirely new set of books. But the new set of books showed all too plainly that the city by that time owed \$2,421,000, not counting \$373,000 additional in unpaid operating warrants!

Lane County was in debt \$1,743,-

500, with \$300,000 additional in warrants.

The Eugene schools owed \$454,000 in bonds and approximately \$175,000 in operating warrants.

We know now that every dollar the county borrowed cost \$1.67 against the bonds were paid with interest; that the school dollar of borrowed money cost \$1.70; the city dollar of borrowed money cost \$2.02.

There are reasons for tracing some of this early history of Eugene and Lane County, even at the risk of boring distant readers—what happened in Eugene has its deadly parallel in every city in the United States. Eugene makes a better guinea pig than older towns only because it is less than a hundred years back to its very beginnings. There are still men and women in this community who “remember when.”

A great deal has been written about graft and corruption in American cities. The writer grew up in the Cincinnati that was struggling to be free from the misrule of George B. Cox and Rud Hynicka, knew the Cleveland of Maschke and Gongwer, the Boston of the Curleys and his ilk, many other cities big and small. He knew Lincoln Steffens and saw him progress from “muckraking” to a certain tolerant sophistication. Yet the writer would venture this assertion: “Sheer ignorance and inefficiency have probably cost the urban taxpayer of the United States much more than all the political manipulation and graft.”

Certainly this is true of Eugene and Lane County, Oregon, where there is almost no trace of actual corruption or graft in the entire century.

To be sure there have been such things as "the terminal deal" of 1926, when the people of Eugene were persuaded to bond themselves \$175,000 at 5 per cent (last payment 1955) in order to lure Southern Pacific to build its big freight yards in Eugene instead of in Springfield across the river—on sideline real estate promoters cleaned up.

But the real crime was in long-term borrowing at high interest on top of already huge debts, and even more in lending the city's credit to build pavements and sewers through the so-called "developments" of the real estate promoters. When the depression hit, hundreds of vacant lots had to be foreclosed for taxes and assessments and city and county were left "holding the bag," the city to the tune of some \$1,700,000.

Citizen Ignorance

It was sheer ignorance—as well as a crafty wile of school politicians—when in 1926, the year of the railroad terminal boom, school authorities refunded old school debts and persuaded voters to authorize \$351,000 in bonds for new schools with payments on principal deferred ten years—on the theory presumably that in the thirties everybody would be rich.

In its big road program of the early twenties Lane County elected to use long term bonds, of varying denominations and final retirement dates, and \$1,743,500 of county bonds will have cost the taxpayers \$1,175,822 for interest to retirement.

It was ignorance on the part of officials and public which permitted the pyramiding of county, city and school debts, when requirements for

debt service kept taking bigger and bigger bites out of the total tax revenues available, leaving not enough to operate necessary functions properly.

It was ignorance which sanctioned the piling up of city, county and school "operating warrants" at 6 per cent interest to pay school teachers, janitors, city police and firemen, county road menders and buy all manner of operating supplies from asphalt to chalk—until in depression warrants could scarcely be banked. Yet in 1928 a county assessor of Lane County, a popular figure with the people, was arguing at tax meetings: "Borrowing is good business if it keeps down present tax rates."

In every city in the land this story could be repeated. When the late, able pioneer fact-finder G. A. Gessell became finance director of Cleveland in 1921 he revealed that 50-year term bonds had been used to buy Model T Fords and Cleveland officials, squirming out from under the vicious "Smith 1 per cent tax limit law" had borrowed millions in "city certificates."

Many times the question is asked: "How are you ever going to get the masses of voters interested in these complex facts."

It can be done—by honest and competent public officials and by research bureaus which will dig for facts and by intelligent newspaper reporting. But the presentation must be bold and graphic, visual, down to earth. Too much city hall reporting emphasizes inconsequential sensation or bickering!

In the preparation of the ambi-

(Continued on Page 468)

How to Set Up Utility Districts

Operation by central city, with representation from rest of metropolitan area, best method; well planned regional organization provided by state a workable alternative.

By JOHN BAUER, Director
American Public Utilities Bureau

EDITOR'S NOTE.—This is the last of a series of four articles by Dr. John Bauer on public utilities in metropolitan areas. Preceding articles have presented the problem and surveyed the bases on which such areas are served at present.

THIS article discusses the means by which efficient utility service may be obtained at minimum cost to consumers in metropolitan areas and emphasizes the importance of comprehensive regional organization.

In every such area public officials would wisely include in their postwar plans needed reorganization of the major utilities, particularly electricity, water and sanitation. These are basic regional necessities for progress in industry and general welfare.

For electricity ownership and management will doubtless remain chiefly under private control, but public responsibility will nevertheless be of importance in assuring adequate service at minimum cost. Whether organization is under private or public auspices, regional interest is the same—to bring about the lowest possible rates for industry, business, home and municipal uses. To this end properties, organization, financial policies and management almost generally need overhauling.

Low electric rates for all economic and social purposes will have far-reaching competitive influence as between different sections of the country. Low rates will attract industry and promote progress. High rates

will retard development. Competitive production will depend increasingly upon electricity, and the cost of power will be a primary factor in regional advancement.

Consideration should be given both to feasible readjustments in private systems and to the alternative of public organization. Private companies usually have regional unity but frequently there is extensive plant obsolescence and inadequacy; they are burdened with over-capitalization and excessive managerial costs, directed by absentee control, and not subjected to effective regulation in the public interest.

These conditions have naturally produced and perpetuated high rates. Firmly fastened upon the industry, they will persist indefinitely unless stripped off by clear-seeing and vigorous regional effort. While as a long-run matter private companies are interested in general progress, restrictive features lodged in the corporate structures largely preclude far-seeing policies and virtually enforce the continuance of such high rates as can be kept despite public pressure.

Where electric power is privately supplied regional progress demands adequate public action to bring about essential adjustments for the attainment of the lowest possible rates with fairness to the company. A regional survey and program are a vital part of postwar planning. Un-

der the recent Supreme Court decision in the Hope Natural Gas Company case, much more effective regulation can now be obtained than in the past.¹ If sufficient changes cannot be brought about to furnish the otherwise attainable low costs and rates, outright displacement by public organization furnishes the sensible alternative.

The distinctly low rate sections of the country are served through publicly owned systems.² Any locality can get low rates through public ownership provided it has reasonable enabling statutes, acquires the existing properties at their intrinsic service value fair to both the investors and the region, pays for them through bonds issued at available low interest rates of about 2.5 per cent, and provides appropriate organization and management for the attainment of maximum efficiency and economy.

Normally the main city would be the best agency to succeed the private company, with suitable representation and protection for outlying territory. Large central production is essential, and the distribution network ramifies from production; where properties are taken over from a private company there is already regional integration, and the simplest acquisition would be by the city. If, however, conditions preclude succession by the chief city, then outright district organization furnishes the alternative. Considerations would be

generally the same as for water supply and sanitation, outlined below.

Water Supply and Sanitation

For water supply and sanitation, including sewage and waste disposal, future planning and provision will generally be public, for existing facilities are already provided chiefly through municipal ownership. Where private organization exists the same public considerations are needed as for electricity.

For public systems the chief problems involve extent and character of the facilities and service to be furnished, type of governmental structure, methods of financing and operating organization.

The basic question in a public ownership program is whether regional facilities and services shall be supplied by the central city or through a separate district unit. Weighing the advantages of each, the balance would usually favor the central city. In addition to those advantages already listed for electricity, central city organization would have still greater advantages for water supply and sanitation, provided sufficient legal powers and the ability to finance needed new projects can be acquired.

When an adequate and economical water supply requires development of expensive distant sources, however, with large expenditures for purification and transmission, and when several municipal units are involved each zealous as to its own rights and position, then recourse to comprehensive district organization can hardly be avoided. This may be true also in modern sanitation.

Water and sanitary systems could

¹See "The Establishment and Administration of the 'Prudent Investment' Rate Base," by John Bauer, *Yale Law Journal*, June 1944.

²See "Cities Must Seek Cheap Power to Hold Their Industries," by John Bauer, *NATIONAL MUNICIPAL REVIEW*, November 1942.

be brought under the same framework of organization. The district would constitute a special municipal corporation empowered to perform for the entire metropolitan region. The first essential is that the legislative enabling act provide adequately for attainment of the district purposes. Then follow the main problems in regard to the scope of properties and services to be furnished, the best form of control, policies and methods of financing and provisions for management.

What Properties and Services?

The first district problem is whether the utility function shall be limited to mass supply and transmission, or shall include local connections and distribution. Shall it be restricted to bulk or wholesale activities, or shall it provide also the retail facilities and service?

In the case of water supply, if the individual municipalities have their own distribution systems the district could readily limit itself to development of resources, storage, purification and bulk transmission to the constituent communities. Then each municipality would furnish the distribution through its own plant and organization.

This holds true for sanitation. The district could provide trunk and connecting sewers, treatment plants, incinerators and other central provisions for garbage and refuse disposal, while each member municipality would own and operate local sewers and the facilities for collecting and delivering garbage and refuse.

Such division of function would normally facilitate agreement between the communities. It would

encroach least upon the existing modes of furnishing service, would cause minimum conflicts of interest in establishing the district, and might also simplify financing. For most efficient and economical integration, however, complete district ownership and operation would usually have substantial advantages.

What Form of Control?

The second problem is to establish the most suitable form of district control. In general, this would consist of a board of trustees or directors, but several important questions arise as to the best setup for the board—its size, whether elected or appointed, period of individual membership, and relation of the board to management.

The board is the governing body of the district. It is responsible for carrying out the purposes of the district within the terms of the empowering statutes and the district charter. It should consist of persons with outstanding capacity and interest in the project. Such individuals can be drawn from business and financial concerns and from distinguished professional and public-minded groups. When public ownership has once been firmly established on a district basis qualified individuals can be secured to assume responsibility, provided that suitable means are used for their selection and that they can act without unwarranted interference.

Size of the Board

In providing for the board, there is the question of size. In the districts surveyed the number of members ranged from five to 22; three

districts had five, one had seven, one had twenty and one, 22: What are the relative advantages and disadvantages of a large or small board?

A large board has the advantage of providing for representation of the various groups and interests which must be harmonized. Disadvantages appear mainly in organizing the large number into an efficient over-all body and into sub-groups for special functional purposes. Special efforts are required to keep the individuals duly informed and active. At best, the majority will go along without serious concern, and the main burden will be borne by a few individuals whose efficiency is retarded by the unwieldiness of the large body. Success will depend particularly upon the personality and devotion of the board chairman.

The small board has the advantage of centralization. Each member would normally be selected more carefully, and could be kept readily informed on matters of policy and control. Regular meetings can be more conveniently arranged to suit all, and special conferences can be called as may be desirable from time to time. A board of three would probably be most efficient, but five would usually furnish representation to the various district areas without being cumbersome.

Election or Appointment

Shall the board members be elected or appointed? Of the six districts surveyed, two had elected boards and four appointed.

The election process has the advantage of democratic appeal and of direct citizen representation. Its disadvantage is that often, if not usu-

ally, the persons with the best qualifications would avoid seeking the position; candidates would be selected through ordinary political channels with only casual consideration for capacity to control a vitally important public business.

The advantages of appointment appear in the selective process. Persons with suitable qualifications can be sought out and induced to accept the responsibility on grounds of public service. The objection to appointment is, of course, the lack of immediate participation by the voters, with no direct accountability to them. Responsibility exists nevertheless; while it moves through the appointing officials, its effectiveness comes from the individual's public concern evidenced by his acceptance of the appointment.

On balance, the best board can be obtained normally through appointment. If the appointment method is adopted, there should be provision for recourse to election, say by petition of 25 per cent of the voters, as in the Hartford district.

If Elected

If the board is elected, should the vote be at large or by subdivisions, or by a combination of both? In the districts surveyed two select their boards by popular vote, both on a district-wide basis.

Since the entire territory is a single corporate and service unit, election at large would be preferable. The composition of the area, however, might require concession to subdivisional election so as to give specific representation to each community. This requirement would be a factor for creation of a large board.

If Appointed

If board members are appointed, then by whom—the governor or the local government units. Of the districts surveyed four boards are appointed—two by the governor, one by the constituent municipalities, and one by the mayor of the central city—here the city actually constitutes the district. Where appointment is by the local governing bodies, the relative voting right is fixed according to tax valuations.

Appointment by the governor has rather natural legal justification in that the district is a special subdivision of the state, created for the purpose of superseding the local governments in the particular function. Furthermore, such appointment would remove the selection from local rivalries and politics. Disadvantages would include lack of direct local responsibility, but this would be more nominal than real. The persons appointed would be residents of the district, and would have no conflicting loyalties. While they would be responsible to the governor and the state, they would feel particularly devoted and accountable to their locality; in turn, the governor too would have responsibility for the district.

The appeal of local appointment is in the more democratic form of responsibility to the communities involved. This advantage, however, is more apparent than real. It would usually be offset by the diffusion of appointment and by the greater disregard of appropriate qualifications. A higher type of person and a more efficient board would normally be ob-

tained through gubernatorial than through local appointment.³

Term and Compensation

As to the period for which board members should serve, of the six districts surveyed the term for one is three years, for two it is five years, and for two it is six years; for one it is apparently dependent on the local appointing bodies.

For all boards surveyed appointments or elections are staggered.

The best all-round provision would probably be a board of five members appointed by the governor, each for a five-year term, one appointed each year. This should make it possible to secure highly competent members as well as continuity in the board.

In regard to compensation, in the districts surveyed board members serve with nominal or without compensation. On the whole this appears reasonable in that the appeal is public interest, not earning a living. If the functions of the board are clearly aligned for policy making and control, and if responsibility for detailed planning and administration is lodged with the operating management, there is no reason why qualified board members cannot be obtained without salaries. The correctness of this view is attested by experience in the districts surveyed as well as in similar boards in other departments of government, notably in the public school systems.

Financial Policies

Financial requirements are of two

³On this point I have changed my mind since writing "Hartford Metropolitan Needs Served by Water and Sewer Board," NATIONAL MUNICIPAL REVIEW, October 1943. AUTHOR.

kinds: capital and operating.

Capital financing involves payment for land, construction, equipment, and the acquisition of needed facilities. The first question is whether these funds shall be provided by issuance of district bonds or through assessments upon the local bodies. All the districts included in the survey have used district bonds, although one has resorted partially to assessment. District bond issues would seem to furnish the simplest and most suitable form of financing.

A second question is whether bonds shall depend exclusively upon district service rates or whether they shall have also the benefit of tax support. Inasmuch as the entire organization is for purposes which reach virtually everybody in the district, interest and retirement provisions might properly be paid out of revenues, but there is no reason why tax support should not also be available. The double provision of security would result in lower interest rates than would be available with sole dependence upon revenues.

Requirements for operation include operating expenses, interest and retirement provisions on bonds outstanding, and such other charges as may be incurred. Shall all such annual costs be paid through direct charges for service or assessed in whole or in part upon the properties within the district? If assessed, shall taxes be levied directly by the district or through the constituent municipal agencies?

Of the six districts surveyed in only one instance are annual costs borne exclusively by the rates paid for service; operation is completely self-sustaining. In three, except for

incidental revenues, the costs are assessed upon the constituent municipalities or upon the taxpayers within the district; assessments are made chiefly according to tax valuations, but also according to population and volume of service furnished. In two, the costs are partly assessed and partly covered by service revenues.

Through whatever means the annual costs are paid, consideration should be given to the relative benefits conveyed to the different parts of the district. Simple assessment according to tax valuations or population may overcharge some areas and undercharge others. In fixing rates for service, consideration should be given to relative population densities and their bearing upon costs. Probably in most instances the central city consumers are relatively overcharged because of disregard for population density and its relation to consumption and costs.

Operating Organization

Along with control and financing, there is the problem of establishing an efficient operating organization. For this purpose the lines of procedure have been well established and in general are uniform among the district systems.

The district board appoints a general manager—a trained and experienced executive—who is responsible to the board. The latter determines policies which are administered under the supervision and responsibility of the manager. The board usually appoints also some other general officers—attorney, treasurer, auditor. The manager appoints operating heads and supervises all regular operations. He is responsible for the

entire personnel, although each department head makes the selections within his group.

Appointments are made within civil service standards and under personnel policies adopted by the board. Regular provisions are made for salaries, wages, promotions, discharges and similar matters. The management is not subject to the pressures of the spoils system which too often enmeshes municipal organization. The merit system prevails, or should prevail, and the personnel provisions should be sufficiently flexible to get and keep employees who are efficient and interested.

The district management has the character of any well organized business, public or private. It conducts a basically important enterprise for the welfare of the entire locality. The manager should be primarily an efficient executive, and his assistants should have the technical qualifications essential for their jobs. The objectives, standards and procedure should be directed throughout to efficiency and economy.

At the same time provision should be made for participation by the citizens who are served and by employees who devote their lives to the service. Various democratic provisions and techniques can be established so that citizens and particularly interested groups may obtain hearings or representation in the determination of policies and in the administrative conduct of the district. There must be combination of business efficiency along with responsiveness to public needs.

BY THEIR OWN BOOT-STRAPS, II

(Continued from Page 461)

tious program of postwar cash reserves for Eugene and Lane County, more than 30 large wall charts were prepared in brilliant colors. First these were discussed with small key groups, then with large gatherings. At one large meeting a test was made with a large chart showing "probable effect of adding fifteen mills now."

First reaction was glum silence. Then a "cost of borrowing chart" was hung up with the remark: "Well, this is what you've been doing!"

Questions began to flow. Then the man from Central Lane Council asked a question: "Does anybody in the room remember the old Central High School?"

Two aged gentlemen held up hands. "Did you know you finished paying for it in 1938. It was built in 1883 and torn down many, many years ago."

Then: "Anybody remember old Patterson school which was torn down ten years ago, built about 1890?"

A good many raised hands: "Okay, you will finish paying for that school this year!"

It can be done. The process is not easy. But it is observable that where sound practice has been set in any kind of business it tends to spread. There is evidence that sound practice is spreading not only in Oregon but in many other states. Tough-minded old pioneer Mayor Hendricks would be pleased to know.

On the Local Front

Prepared by the Federal Security Agency
Paul V. McNutt, Administrator

ZILPHA C. FRANKLIN, Editor

Community Responsibility to Returning Veterans

MUNICIPALITIES, which have grown used to new responsibilities during the years that sent the American man away to war, are beginning to meet the even greater responsibilities which face them when he comes back. And he is coming back now. More than a million service men and women have already been discharged from the armed services.

To help the returning service man, Veterans Demonstration Employment centers were set up on January 26, 1944, in the U. S. Employment Service of the War Manpower Commission, in New Haven, Philadelphia, St. Louis, Denver, Minneapolis, Los Angeles and Houston. Recognition was given to the need for veterans information centers in the Baruch report on war and post-war adjustment policy, on February 15, 1944, which said: "when he [the service man] returns to his home community, there should be one place to which he can go in dignity and where he can be told of his rights and how he can get them."

On April 1944 a New York Veterans Service Center was set up under the sponsorship of the War Manpower Commission, the Selective Service System and the city, directed by the Federal Security Agency's Office of Community War Services.

In June the OCWS issued a *Directory of Services to Veterans* in Chicago, listing the addresses and functions of local agencies.

National policy was set when the President established by executive order a Retraining and Reemploy-

ment Administration in the Office of War Mobilization on February 24, 1944. The functions of this new agency are:

(a) To supervise and direct activities of all government agencies relating to the retraining and reemployment of persons discharged or released from the armed services or other war work.

(b) To develop programs for the orderly absorption of such persons into other employment.

(c) To develop programs for the adequate care of persons discharged or released from the armed services, including physical and occupational therapy for the wounded and disabled and the resumption of education interrupted by the war.

The order provided for a Retraining and Reemployment Policy Board, composed of representatives of the Department of Labor, the Federal Security Agency, the War Manpower Commission, the Selective Service System, the Veterans Administration, the Civil Service Commission, the War and Navy Departments and the War Production Board. Brigadier General Frank T. Hines, head of the Veterans Administration, was appointed administrator of the new agency.

On May 17, 1944, the Retraining and Reemployment Administration issued its Order No. 1 which laid down the pattern of operation on a federal-state-community basis and set the wheels of nation-wide activity in motion. Order No. 1 provided for the creation of state and local veterans service committees. Each state committee is made up of representatives from the Selective Service Sys-

tem, the War Manpower Commission and the Veterans Administration. The Committee will add to its membership or will represent the federal government on state committees of the same nature. Committees are responsible for mobilizing "the efforts of volunteer or other groups in the state in relation to veterans information activities" and for assisting in the establishment of veterans information centers in those towns where needed.

Membership on the local veterans service committee includes representatives of the same three federal agencies wherever one or all of them have representatives available in the community. The local committee may enlarge its membership to include representation from local organizations or it may represent the federal government on community committees of the same nature. Order No. 1 outlines the responsibilities of the local veterans service committee as follows:

To determine the need for a single information service center over and above those existing in the individual agencies of the community.

To act as a central point for and to mobilize the efforts of volunteer or other groups in the community in relation to veterans information activities.

To be the contact point in that community for the state veterans committee in connection with the particular subject matter of this program.

The order recognizes that "there is no single pattern for the operation of a center which will fit communities of all types and sizes," but stipulates that the function of veterans information centers shall be primarily one of advice and reference.

This is the broad framework within which veterans will be enabled to obtain information on their post-service rights, and to seek guidance in making what for many will be a difficult

personal adjustment. The order anticipates that advice "will be sought as to housing, family programs, special assistance, business or farm problems and many other matters."

Needs of Servicemen

The experience of the veterans service centers in operation before Order No. 1 was issued has given considerable indication of services veterans need. Local committees set up under the new order have a storehouse of information on which to draw.

One of the early centers recently summed up the general problems it had met during the first months of operation as follows:

Housing: There is considerable concern and some bitterness on the part of returning veterans who have been unable to find apartments for themselves and their families.

Business Advice: A number of veterans would like to invest their savings in a small business, and are in need of sound counseling of a non-commercial sort.

Farms: There have been frequent requests for advice about farming and assistance in evaluation of possible farm locations.

Loans: A number of veterans have requested loans because they have business or job possibilities which require small investments.

Blue Discharges (without honor): Serious effects result from the blue discharges of men, who, in most instances, present a picture of emotional disturbances and instability.

N. P. Discharges: Men with N. P. discharges have difficulty in obtaining employment in addition to being disturbed about the reason for their discharge.

The same service center shows that many returning veterans are facing family relationship problems serious enough to prevent a quick and effective readjustment to civilian life.

In considering the need for a central veterans information center, each service committee would do well to

remember that all community services will be required if the needs of the returning veterans are to be met. The Council of Social Agencies will take its place in the whole pattern of federal, state and local services for the veteran and his re-orientation into community life.

Some veterans service centers are already stressing psychiatric and social services. This is true of the center in New York which during one month referred veterans to well over a hundred agencies. Among those represented on the committee for the New York Center are the Veterans Administration, Army, Navy, Red Cross, Welfare Council, State Rehabilitation Council, New York City Board of Education, American Legion, and Veterans of Foreign Wars.

In Charlotte, North Carolina, the state, the Red Cross and the USES provide trained social workers and assistance for the veterans center, which is operated by the Defense Recreation Office. In Grand Haven, Michigan, a local counseling service has been set up sponsored by the American Legion. In Minneapolis a Veterans Information and Referral Committee is sponsored by the Council of Social Agencies, which allotted \$21,626 to the ac-

tivities for the next eight months. In Gary, Indiana, the Community Chest pays the director of the veterans center.

These are only a few of the many examples of broad community planning under way for the reorientation of the serviceman into civilian life. In many towns municipal government is assuming leadership and responsibility for the development of such agencies. In this as in many other fields co-operation between public and private agencies is the key to the solution of a complex human problem.

PHILADELPHIA TAX

(Continued from Page 457)

come tax in 1943 were equal to a tax levy of \$8.38 per \$1,000 of the year's assessed valuation of taxable real estate—49.29 per cent of the actual \$17 tax rate; in the four years 1940-1943 the average annual receipts from the income tax were equivalent to a tax levy of \$8.02 per \$1,000 of the average annual assessed valuation of taxable real estate in those years—47.18 per cent of the \$17 tax rate effective throughout that period.

Major Robert C. Hendrickson, an honorary vice president of the National Municipal League and former Senator and State Treasurer in New Jersey, is now chief legal officer for Allied Military Government in Rome where he was assigned the responsibility of establishing military government courts. One day after the entrance of allied troops

into the ancient capital, the courts were ready to function. Hendrickson delivered a lecture to 1,000 members of the Roman bar instructing them as to the procedures which had to be followed in practicing before the judiciary set up by the allies to try offenders against military regulations.

Contributors in Review

A SPECIALIST in civil service and the merit system is **H. Eliot Kaplan** (*Let's Look at Civil Service!*), executive secretary of the National Civil Service Reform League and of the New York Civil Service Reform Association. Mr. Kaplan is a member of the New York Bar, specializing in civil service law, and is author of numerous articles on the administration and enforcement of the civil service laws. In 1933 he was a member of the New York Municipal Economy Committee and in 1934-37 he acted as advisory counsel to the Competitive Civil Service Employees' Association. Since 1939 he has been advisory counsel to Administrative and Supervisory Employee Associations of two of Manhattan's transportation systems. In 1940-41 Mr. Kaplan was a member of the special legislative commission which studied methods of extending the civil service to counties, towns and villages throughout New York State and of the Governor's committee on reclassification of non-competitive positions in the New York State service. He is editor of the Court Decisions Section of *Public Personnel Review*.

LOCAL government and public finance have been the special fields of work of **R. R. Renne** (*Rural County Can Be Efficient*), named president of Montana State College in September 1943. President Renne has been with the College since 1930, first as assistant professor of economics and agricultural economics and—from 1939 to 1943—as head of the department. In 1941-42 he was visiting professor of local government at Cornell University. He has prepared numerous experiment station bulletins and articles on Montana county and school district government organization and costs and is author of *The Montana Citizen*, a textbook on Montana state and local government used in Montana grade and high schools.

WITH the Philadelphia Bureau of Municipal Research since 1914, **Robert J. Patterson** (*Philadelphia Tax in Fifth Year*) has been its chief accountant, in charge of work and studies in the fields of finance and accounting, since 1915. Mr. Patterson's major activities and interests center around municipal debt and debt limits, sinking funds, financing of public improvements and budgetary standards and procedures. He has played an important part in the drafting of financial legislation and in numerous financial improvements in the government of Philadelphia, notably the adoption by the city in 1921 of the practice of making all long-term bonds callable at par after twenty years—a practice which has saved the city millions of dollars in interest; adoption in 1939 of the policy of issuing only straight serial bonds superseding the city's 40-year practice of issuing single-maturity sinking fund bonds; and maintenance of the integrity and adequacy of the city's sinking funds.

For an account of the career of **William M. Tugman** (*By Their Own Bootstraps, II*), see the REVIEW for September, page 406.

For an account of the career of **John Bauer** (*How to Set Up Utility Districts*) see the REVIEW for June, page 301.

Letter to the Editor

To the Editor of the
NATIONAL MUNICIPAL REVIEW:

This letter is prompted by an article entitled "Wanted: A New Type of Politician," by Dr. William E. Mosher, which appeared in the May issue of the REVIEW.

It is my wish to examine what I take to be one of the leading notions expressed in Dr. Mosher's essay; that is the notion that somehow formal instruction in our colleges and universities can improve the quality of the men and women who manage our political parties. These parties, as Dr. Mosher quite correctly observes, are fundamental to the working of our variety of representative democracy, and it follows that if their managers are inefficient or immoral in the broadest sense of the latter term, democracy will not work well.

But what interests me in this connection—and it must interest other teachers—is the definition of a politician of a high type which is implicit in the article. I pick from the article the following descriptive phrases used to characterize desirable and, by contrast therefore, undesirable politicians: "broad and independent view of party policies," "sound and progressive policies," "broad-gauged and capable persons," "progressive measures," "inspired or uninspired," and "narrow or broad-minded."

Now with respect to these terms I would point out that there is obviously no general agreement as to their meaning. What is "broad-minded" or "progressive" or "sound" to one of us may seem "narrow-minded" or "reactionary" or "unsound" to someone else, and I see no hope of finding an arbiter in the matter—except, of course, the electorate, whom we would all improve if only we knew how. The ab-

sence of such an arbiter raises in my mind the suspicion that academic persons are not minding their proper business when they attempt the type of indoctrination which Dr. Mosher apparently approves. For, while I am aware that teachers cannot avoid indoctrination to the extent that they assign one book or article because they approve it rather than another, still our proper business is the cultivation of the intellect and not the cure of souls.

For this reason it seems to me that teachers must do what they can to make a better type of politician by helping their students in the enterprise of thinking. Since we cannot do *everything* we must leave the care of souls to other agencies—though I might point out that upright and honorable conduct on our part will be worth volumes of sermons.

The Politician

The bad reputation of politicians is not new and this is at least as well known to Dr. Mosher as to any of us. In his essay on *Politics* Emerson says: "What satire on government can equal the severity of censure conveyed in the word *politic*, which now for ages has signified *cunning*, intimating that the state is a trick?" Adam Smith somewhere refers to the politician as "that crafty animal." Socrates in the *Republic* says that the disciples of philosophy "know that no politician is honest" and suggests that the guardians of the state should be chosen from among those who have other honors and "another and better life than that of politics."

It is unnecessary to multiply quotations to show that the breed has changed very little from the "moral" point of view. In any case a "good"

politician must, I think, be defined in terms other than moral, and teachers would do well to leave this part of education to other agencies which society provides in great profusion. If any of these agencies is "bad" from the point of view of any of us, all I can suggest is that we be patient and hope that the general tone of private morals will in time rise to the point where the politician will take note of the fact and govern his conduct accordingly. There is plenty of evidence that he will meet a higher standard with alacrity when this is the condition of his success.

"Improve the Mind"

In the classroom, I think, little can be done to moralize politics. But a good deal may be done to improve the minds of those who presumably will become politicians. And it seems to me that only by improving their minds can the teacher do his part in producing a higher type of politician.

It avails little to deplore the fact that politicians "are not interested in progressive policies and competent management of public affairs." This is not their business. That business is rather to stay in power. This they do if they are successful in assessing accurately the interest of the voters in "progressive policies" and "competent management of public affairs." It is not the business of politicians to reform the state or to moralize it. Their task is a much more mundane one. It is their business, in a society where there is agreement on only the vaguest of general aims to keep the peace, to find solutions within this area of agreement. In other words, they deal with what is possible in an imperfect world.

This means, I think, that a "good" politician is simply a man of good judgment. Therefore, the real question is, What can formal instruction do to

improve the judgment of our budding politicians?

The usual answer to this question—though only rarely is the question put this way—is disappointing, for it has taken the form of multiplying "courses" in such subjects as social problems, contemporary civilization, problems of democracy, citizenship or political science. It may be that these titles are harmless enough, but such courses seem usually to rest on the assumption that if the student is given enough information he is likely to act on it in such a way as to further "progressive policies" and "competent management." This assumption, I think, is false, for even if the student could know the entire current scene in all its bewildering detail, how he acts has nothing to do with the amount of his information. His "conditioning" with respect to this is for only a small part of his time under the control of his teachers who, even if they were themselves models of political virtue, would meet stiff competition from the marketplace.

Information Not Enough

And even the appeal to information is, I fear, doomed to failure for we shall always be in arrears. If this is the sort of thing which Dr. Mosher means by "a revolution in educational methods and content," I am afraid he will be disappointed. For the teacher cannot control the conduct of his students when in their turn they become politically active. They cannot alter the rules of the game. These rules are at any moment a consensus concerning what the rank and file regard as permissible public conduct. Apparently they have changed little since Socrates deplored the low state of politicians' morals.

If this is true what can the teacher do? I think he might profitably share

with his students the adventure of thinking about politics in the grand manner. The usual textbook in "courses" in "modern problems" and so on is a dreary compilation of facts ranging from lateral sewers to the League of Nations, interlarded with homilies about the citizen's duties and responsibilities. It is little wonder that students leave high school with no notions about the content of such concepts as "democracy" or that the products of such a system are apathetic at election time. Those of us who are professionally interested in the raw materials of politics do not find these concepts easy to define or our allegiance to a party clear-cut or unequivocal. Why should we expect it of callow youngsters reared on such fare?

The Prime Qualification

It is true, of course, that judgment must have facts to which to apply itself but it need not be smothered in facts to the point where it abdicates. It seems to me that the good judgment which I have suggested as the prime qualification of a "good" politician might be inculcated if we and our students were required to read the first-rate books on politics. I do not say this because of any belief that Plato can help us to decide whether North

Elm Street should be paved or only gravelled, or that Locke can advise us how to vote on a municipal pension plan, for this sort of direct, "practical" wisdom is scarcely to be expected. But why we should prefer one of the modern compendiums of facts to the solid thinking of an acknowledged master is hard to understand.

A handful of thinkers in the world's history have applied their minds to problems which, under changed forms, still perplex us. The student in the twentieth century could not but profit if he wrestled with these problems in company with the best minds, sharing the rigorous labors of their quest, their discoveries, their perplexities, their tentative conclusions. If it be said that only the best students are fit for such a regimen, the only answer must be that in every age only a few are capable of the only sort of instruction which can hope to do something for the faculty of judgment. If by any chance this number can be increased, then beyond doubt we shall get a higher type of politician because we shall get more people who will delimit the moral area within which he will be compelled to practice his arts.

LANE W. LANCASTER

University of Nebraska

News in Review

City, State and Nation

Edited by H. M. Olmsted

Subdivision Planning Urged for Regulation of Postwar Expansion

Housing, Finance Experts Seek Development Control

WARNING of the dangers of inadequately controlled real estate developments after the end of the war, two national organizations have recently issued reports resulting from studies of the effects of unplanned or poorly planned subdivisions in and around American cities.

Following an extensive survey of methods to avoid the evils that have come in the wake of past real estate booms, the National Committee on Housing points out the vital need of large-scale urban and suburban planning to restrain land speculation and forestall incongruous and uncoordinate residential subdivisions. Without such planning these are doomed to deterioration or at the least will impede sound community development as a whole.

The results of the survey, made possible by the Field Foundation, Inc., are set forth in a report on neighborhood design and control prepared for the committee by Henry S. Churchill. It stresses the great waste in the use of land from ill-considered residential developments; the surplus of subdivided lots has been estimated as high as 15,000,000 for the nation as a whole. Great financial waste has also occurred, in losses to purchasers and the forced assumption by municipalities of unpaid assessments. Besides emphasizing the need of control by planning, the report outlines the features of a well designed neighborhood.

The Municipal Finance Officers' Association has also made a recent study of this problem, which points out that excessive subdividing of land and municipal expenditures on improvements for subdivisions, particularly from 1920 to 1929, were primary causes of financial difficulties of large and small municipalities and suburban areas in 1929-1935 and earlier. The report states that cities in general have a sufficient number of satisfactory building lots, with all or some public improvements, available within city limits, and that construction on the outside will tend to decrease city population and property values. Many examples of excessive numbers of vacant lots, and of defaults, delinquencies and waste of public money, are cited.

Finance Officers' Report

The Association makes the following recommendations to preserve municipal credit, to prevent the spending of public funds on unnecessary improvements, and to protect the builders and owners of small homes:

1. Municipalities and rural areas as well should foreclose now all properties with accumulated tax delinquencies, such properties to be held by the state or community to guide the direction of growth and prevent unnecessary public investment in improvements.

2. Broadest control would be exercised if all subdividers were required to record plats and install all necessary public improvements required before the plats are accepted and the lots offered for sale.

3. All plats should be approved by legally constituted planning authorities which, with the necessary power to protect the public interest, should exist not only in incorporated communities but in unincorporated areas as well, perhaps on a county basis.

4. The authority of municipalities to

control subdivision and building within a reasonable distance outside the city limits should be subject to state zoning or subdivision laws.

5. Construction of undesirable homes in suburban and rural areas might be prevented by a state building code requiring minimum standards of housing construction and minimum facilities in those areas where municipal building codes are not effective.

6. When any area requests special improvements, the city should examine the tax records to determine whether the property to be assessed has a history of tax payments which indicates it is willing and able to pay new special assessments.

League of Nevada Cities Gets under Way

Another state municipal league, reported to be the 43rd active state league in the United States, has been formed in Nevada. A preliminary gathering in Las Vegas in June was followed by an organizational meeting in Reno on July 19, at which the cities of Reno, Las Vegas, Caliente, Fallon and Sparks were represented. Several other cities sent written statements approving the movement but were unable to send representatives to the session, according to *Western City*.

Charles C. McCall, city manager of Las Vegas, arranged for the meeting and acted as temporary chairman. Mayor H. E. Stewart of Reno was elected president. A board of directors was also elected which appointed Emerson Wilson, city attorney of Reno, temporary secretary until an executive secretary is employed.

The organization has been incorporated as a non-profit, non-partisan, co-operative corporation under Nevada law, with the name of League of Nevada Cities. Headquarters are at Reno. The purposes of the League, as set

forth in the articles of incorporation, are:

(a) To foster periodical conferences or meetings of public officials for the discussion of municipal problems and for the purpose of promoting governmental efficiency.

(b) To foster and disseminate knowledge relating to municipal government by all appropriate means and to arouse greater interest and more active civic consciousness among the people as to its importance and significance.

(c) To publish and circulate publications on municipal and/or technical subjects of interest to cities.

(d) To promote good legislation respecting municipal affairs, and to oppose such measures as seem to be inimical to public interest.

(e) To secure harmony of action among cities in matters that affect the rights and liabilities of the cities and of the public.

(f) To render technical, informational and other services to cities for their general welfare.

Council-Manager Plan News

The *Times-Herald* of **Huntsville, Missouri**, is advocating the manager plan for that city and has opened its columns to discussion of the idea.

The *Post* of **Hannibal, Missouri**, urges consideration of the manager plan, as suggested in a report following a comprehensive survey of that city's government.

Petitions were circulated in August in **Ashtabula, Ohio**, in an effort to replace the council-manager plan, in effect since 1916, by a mayor and a council of seven members, three elected at large.

A charter which, if adopted, will nullify the council-manager amendment approved by the voters of **Long Beach, New York**, last November, has been filed with the city clerk and will be

voted on at the regular election on November 7. Proportional representation, likewise approved last year, would also be rescinded. The proposed charter was drafted by a fifteen-man charter commission, elected last year at the same time that the manager amendment, advocated by the Long Beach Citizens Union, was adopted.¹

A charter commission of nine members, elected in June in **Negaunee, Michigan**, has a new charter in preparation for submission to the voters early next year. Interest in the council-manager plan is being demonstrated.

Petitions are being circulated in **Green Bay, Wisconsin**, calling for a vote on adoption of the council-manager plan for that city at its next election.

A vote on the manager plan for **North Vancouver, British Columbia**, is expected to take place some time in December.

The 31st annual conference of the International City Managers' Association will take place at the Medinah Club in Chicago, October 12-17. The program will include discussions on social and economic factors in local post-war planning, municipal airport financing and administration, disposal of surplus war commodities, administrative personnel, managerial control, and special municipal problems suggested by managers and taken up at population-group sessions.

San Francisco Charter Revision Committee for 1944-45 Named

Mayor Lapham of San Francisco has appointed a charter revision committee, which is expected to cooperate with the judiciary committee of the San Francisco Board of Supervisors in the preparation of whatever charter changes

may be found necessary, in time for submission to the voters next year. It includes various city officials and representatives of the public.

Cooperative Efforts Counteract Port Chicago Disaster

An outstanding example of quick, effective, unselfish cooperation of public and semi-public agencies was provided in California when two ammunition ships blew up at a pier in San Francisco Bay, a mile from the unincorporated wartime community of Port Chicago, at 10:16 P. M., July 17. The explosion killed 320 sailors and civilian workers; it also caused injury to most of the 1500 inhabitants of Port Chicago, wrecked almost all the 350 homes and 27 business establishments, some beyond repair, and put water, electric, gas and telephone services out of commission.

Almost instantly emergency agencies began functioning. The county civilian defense coordinator, the sheriff, the Red Cross disaster director and the area representative of the Federal Committee for Congested Production Areas sped to the scene, and men, women and equipment of the combined mutual aid resources of the nine counties surrounding the bay began to arrive.

The Army and Navy, the State War Council, a dozen state departments, the Federal Works Agency, the U. S. Public Health Service, the American Legion and the Salvation Army participated in the activities. Within an hour all roads into Port Chicago were guarded by the State Highway Patrol and auxiliaries, and by 11:30 some 259 law enforcement officers from neighboring cities and counties responded to the sheriff's appeal, including 75 civilian defense auxiliaries from Martinez, ten miles away.

Doctors and nurses came from all

¹See also "Citizen Probe Halts One of Two P. R. Repeal Moves," p. 488, this issue. *"

over the bay area. Fire-fighting equipment of nearby communities and of the State Forestry Division stood by for several days, but by great good fortune was not needed. The Red Cross mobilized volunteer workers from fourteen chapters to give first aid, shelter and emergency feeding; other chapters stood ready to help if needed. A circus which happened to be in town supplied floodlights. Workers for the private utility companies installed emergency telephones, inspected all premises to guard against fire hazards and pollution of water, and began to restore services.

The experience at Port Chicago demonstrated the value of training and preparation for civilian defense and disasters, the need of continuing plans for such emergencies, and the possibilities of individual and public initiative and enterprise in meeting public problems and serving basic human needs.

Rochester, N. Y., Cooperates with Neighbors for Fire Safety

A mutual aid plan for fire defense has been established by Rochester and Monroe County, New York, and other municipalities and districts in the county. The various townships, villages and fire districts have agreed to cooperate and provide for the mobilization of all fire-fighting personnel and equipment to be used in emergencies whenever the local fire force is inadequate. As described in the September bulletin of the New York State Conference of Mayors, there is a governing advisory board consisting of two county supervisors, two village mayors, five fire district commissioners, two county fire chiefs, two members of the Monroe County Volunteer Firemen's Association, one Rochester city councilman, the commissioners of public safety and two representatives of the city's Bureau of Fire.

Cleveland Police to Study Juvenile Delinquency Causes

The State Police Chiefs Association of Ohio, the Cleveland Police Academy and Cleveland College, the downtown center of Western Reserve University, are jointly sponsoring a new and unique course in crime prevention among adolescent youth.

More than 35 policemen specially selected for the course will be taught at the college how to make more effective use of the social agencies of the city in the problem of crime prevention. They will study the behavior of adolescents and their mental and social problems, legal procedures in dealing with delinquent children and their parents, and use of referral agencies.

The course was initiated at the suggestion of the State Police Chiefs Association. Edward G. Krauss, executive secretary, states: "There have been many police science courses, but this is the first time an organized group of policemen has sponsored a program that is intended to deal entirely with the cause of crime instead of effects."

Police officers will go to school for two hours each Monday and Wednesday afternoon for fifteen weeks, beginning October 9, for a total of 60 class hours. Selection of students is on the basis of the responsibilities they hold in connection with crime prevention among adolescents. It is expected that those trained in this course will in turn plan educational programs for their staff members along similar lines.

Welfare Problems of New York and Other States Discussed

In conformity with a resolution of the New York State legislature, a special committee on social welfare and relief of the Joint Legislative Committee on Interstate Cooperation is holding a series of eleven conferences in various

cities in New York State, extending from September 6 to December 14.

Their purpose is to study the welfare services of the state and their relationship to each other and to those of the other states and the federal government, and to bring about recommendations to the legislature for laws to coordinate the efforts of the various agencies of social security and welfare, to make them more effective in their accomplishments and to provide simplified administrative machinery for their efficient operation.

Supervisory Employees of Flint Given Training Course

One hundred and eighty city employees of Flint, Michigan, engaged in supervisory work have been given job relations training courses sponsored by the training-within-industry service of the War Manpower Commission. Development of good relations with employees was stressed, and supervisory problems were discussed by the director of personnel and members of each group.

New York City Officials Foster Health Insurance Plan

A comprehensive plan of medical and surgical care for residents or workers in New York City, put forward by Mayor La Guardia, was presented for incorporation on August 31 as the Health Insurance Plan of Greater New York. If papers filed with the State Board of Social Welfare and the Superintendent of Insurance are approved by those agencies and by a state judge, the enterprise will be established as a non-profit membership corporation. The incorporators include the mayor, controller, president of the city council, and three of the five borough presidents, and an imposing list of representatives of medicine, industry, com-

merce, finance, labor, social welfare and the general public.

It is hoped by the mayor that the plan will be in operation by January 1, 1945, with most of the city's 190,000 employees and many workers in private industry. A selected list of physicians, surgeons and specialists is expected to be available to members at a cost approximating 4 per cent of their annual incomes, with employers paying at least half the expense. It is limited to persons of not more than \$5,000 annual income—a limit considered too high by spokesmen for the five county medical societies of the city who propose a \$2,500 ceiling.

The *New York Times* on September 11 said editorially, "It may well be that the city will set a pattern of medical care at low cost that Congress cannot afford to ignore."

Payroll Deductions for Union Dues in Baltimore

The city of Baltimore, Maryland, is collecting union dues of per diem employees of the Public Works Department by means of salary deductions when requested by the employee, turning the money directly over to the labor union, under a new union agreement. The union pays the city for expenses of collecting the dues.

A somewhat similar contract between the city and the union was abrogated by court ruling. The new agreement recognizes the union as the bargaining agency for the employees as a group but does not deny the right of individuals to bargain with the municipality. An interim court opinion held this contract "not invalid on its face." However, a taxpayers' suit challenges the authority of the city to deduct dues for the union.

The closed shop and the right to strike are specifically outlawed in the contract. Machinery for arbitration of

disputes is set up, but the authority of the department head to settle grievances and to hire and fire employees is recognized.

The first payment made to the union was for dues of 829 workers at the rate of two dollars per month.

AMA Conference This Month

The annual conference of the American Municipal Association will be held at the Blackstone Hotel, Chicago, October 25-27; there will be preconference discussions on October 23 and 24. It will be a gathering of municipal officials and state municipal league officers about problems of cities related to the war and the postwar period.

U. S. District Court Dismisses Suit Against Hatch Act

An attack on the constitutionality of the Hatch Act provision forbidding governmental employees to be active in political campaigns, which was made by the Federal Workers of America (CIO), resulted in a dismissal of the case by the U. S. District Court, according to the Civil Service Assembly which states that the Union planned to appeal.

Unified Plan Recommended for Missouri River Valley

Calling for legislative and administrative action to develop a coordinated plan, a resolution agreed to by representatives of Missouri, Kansas, Colorado, Nebraska, South Dakota, North Dakota, Wyoming and Montana was forwarded to Congress by President Roosevelt on September 21. Endorsing the idea,¹ the President recommended a method similar to the Tennessee Valley Authority.

Researcher's Digest

G. R. A. to Establish National Office with Tax Foundation Aid

Leslie M. Gravlin Named President at Convention

THE Governmental Research Association voted September 7 at its conference at the University Club in New York to employ a full-time secretary and to maintain a national headquarters. The Tax Foundation will underwrite the new arrangement. In an address prior to the Association's business meeting, Lewis H. Brown, chairman of the Tax Foundation, indicated that the Foundation would be willing to support the Association's secretariat to the extent of \$25,000 annually.

The Association also elected Leslie M. Gravlin, director of the Hartford Governmental Research Institute, president, and Loren B. Miller, director of the Detroit Bureau of Governmental Research, vice president. Members of the Board of Trustees elected were: A. E. Buck, Institute of Public Administration; Alvin A. Burger, director, Department of Governmental Research, New Jersey State Chamber of Commerce; Carl P. Herbert, director, St. Paul Bureau of Municipal Research; Lennox L. Moak, director, Bureau of Governmental Research of New Orleans; Douglas Sutherland, executive secretary, Civic Federation of Chicago.

The national secretary will be appointed by the Board of Trustees. Dr. Lent D. Upson, director of the National Training School for Public Service and former director of the Detroit Bureau, reported that members of the Association's Board of Trustees and

¹See the REVIEW, June 1944, p. 306.

officers of the Foundation had been discussing the establishment of the secretariat for two years. The meeting adopted Dr. Upson's proposal that the newly elected officers and trustees be empowered to complete the arrangements with the Foundation in accordance with the following memorandum drawn up at a meeting of several members of the Association with officers of the Tax Foundation held July 28:

"This memorandum results from several conferences over the past two years between a number of especially interested members of the Governmental Research Association and operating officials of the Tax Foundation.

"Its purpose is to outline possibilities for greater usefulness on the part of the Governmental Research Association in assisting in the establishment of new local citizen agencies concerned with government and in stimulating existing agencies to greater interest and effort both in municipal affairs and in federal fiscal programs affecting the cities.

"It is proposed that the officers of the Governmental Research Association elected at the annual conference of the Association at its September 1944 meeting appoint a full-time professional secretary to take office at the earliest possible opportunity.

"That it be the duty of such secretary to (a) visit periodically existing local citizen agencies; (b) follow up inquiries that might lead to the establishment of additional local agencies or governmental activities by governmental research agencies, organizations of taxpayers, boards of commerce, and other citizen groups; (c) issue a periodic bulletin for the information of members and the annual directory; and (d) perform such other duties as fall within the purposes of the organization.

"That the cost of these operations be underwritten by the Tax Foundation,

such costs to be paid in accordance with a budget approved by the officers of the Governmental Research Association and the Tax Foundation.

"That the offices of the Governmental Research Association be located in New York City in quarters adjacent to those of the Tax Foundation, and that so far as expedient use be made of Tax Foundation facilities."

The actual choice of a location for offices was left to the discretion of the trustees.

Since the Governmental Research Association was founded in 1914 it has been served by part-time secretariats in the offices of the National Municipal League, the Brookings Institution, the Public Administration Clearing House, and for the last several years the Detroit Bureau of Governmental Research.

President's Message

Urging approval of the plan to establish a headquarters, Harland C. Stockwell, outgoing chairman of the Association, said in part in his farewell address:

"The Governmental Research Association is entering its thirtieth year. There is no question but that the organization has justified its existence many, many times over. Even in the limited services it has performed, it has developed and maintained a spirit of professional solidarity among the various governmental research agencies and other groups interested in more effective and economical government. In addition it has rendered numerous minor but nevertheless important services to its members. However, we cannot ignore the fact, which I believe most of us are aware of, that the GRA has never realized the full inherent potentialities of the organization.

"We have been, and still are, an organization whose members are primarily interested in the effective opera-

tion of local government in the United States. Our members have been instrumental in bringing about better and more economical personnel, budgeting, purchasing and contract-letting practices in American cities. We have accomplished much, but very much more remains to be done.

"I am one of those who believe that local government is the basis of our democracy and that if our large centers of population are allowed to fall into and remain in the hands of those who seek only their own gain, simply because the people do not adequately understand what is happening, then a most serious threat is imposed on 'our way of life.'"

Topics and Speakers

On the second day of the conference, September 8, Carl P. Herbert, director of the St. Paul Bureau of Municipal Research, and G. Sidney Houston, investment research manager for the First Bank Stock Corporation, St. Paul, spoke on "The Twin Cities Postwar Tax Plan." Dr. Claude Robinson, president of the Opinion Research Corporation, spoke at the luncheon session. In the afternoon Herbert J. Miller, of the Citizens National Committee, spoke on "Citizen Control Over Federal Government Spending" and Dr. Harley L. Lutz, professor of public finance at Princeton University and chief economist for the Tax Foundation, spoke on "The Future of the Social Security Programs."

On the closing day, September 9, speakers were: Bruce Smith and A. E. Buck, Institute of Public Administration, who discussed "Developments in State and Local Public Administration"; Guy Greer, of *Fortune Magazine*, who addressed the luncheon session on "Financing Education in the Postwar Period"; and Dr. Thomas H. Reed, municipal government counselor for the Connecticut Public Expenditure

Council, who spoke on "Postwar Public Works Planning."

Research Awards Made for 1943 and 1944

The awards committee of the Governmental Research Association, composed of Clarence E. Ridley, director of the International City Managers' Association, and Edward M. Martin, of the Chicago Union League Club, announced awards for both 1943 and 1944 for noteworthy pieces of research prepared by members of the organization. The awards, made at the Association's national conference in New York on the basis of usefulness, practicality and originality, were as follows:

For the period July 1, 1942, to June 30, 1943—First Award: *A Study of the Kansas City Police Department*, prepared by J. M. Leonard, staff member of the Detroit Bureau of Governmental Research, assisted by H. C. Cornuelle of the Civic Research Institute, and issued by the Civic Research Institute of Kansas City, Missouri.

Second Award: *Police Problems in Newark*, report of a survey conducted by the Bureau of Municipal Research, Inc., of Newark, New Jersey.

For the period July 1, 1943, to June 30, 1944—Two First Awards: *The Taxation of Intangibles in Missouri and Other States*, prepared by the Governmental Research Institute of St. Louis, Missouri; and *Manual of Purchasing Organization and Procedure of the Office of Purchasing Agent, Cook County, Illinois*, prepared by John F. Ward, under direct supervision of Harland C. Stockwell, assistant executive secretary of the Civic Federation of Chicago.

The latter study was given the equivalent of first award by motion of the GRA conference in order to remove the disability of Mr. Stockwell who, as chairman of the Association, had appointed the committee.

Citizen Action

Edited by Elsie S. Parker

Your County Government 1844 or 1944 Model?

League of Women Voters Urges Wisconsin Amendment

STARTING well in advance of the 1945 legislative session, the **Wisconsin League of Women Voters** is already hard at work to arouse popular demand for removal of constitutional restrictions on county government. They urge passage of the so-called Daugs amendment to remove the requirement of uniformity in county government and to empower the legislature to set up optional forms of county government. The amendment was passed by the 1943 legislature but must pass the next session in identical form and then be submitted to the voters of the state.

Mrs. Harold Marsh of Madison, state president of the League, says that League members' interest in this proposed constitutional amendment dates back many years. "About fifteen years ago," she states, "all local leagues conducted detailed surveys of county government which proved that the county board form of government was many times inefficient and wasteful. In such counties little improvement can be made under the present constitutional requirements. Greater freedom of choice should be given those counties for which another setup would prove better."

A League flyer titled "Your County Government—1844 or 1944 Model?" inquires: "Do 71 Wisconsin counties—large and small—urban and rural—industrial and agricultural—want the same form of county government?"

The amendment would not force

counties to give up their present government, but would give them the opportunity of changing if the county board so voted.

Civic Groups Plan "A Greater San Francisco"

A special Greater San Francisco Committee has been appointed by President William H. Caruthers of the **San Francisco Civic League**. Francis V. Keesling, long a leader for civic improvement in his city and a member of the council of the National Municipal League, has been appointed chairman. The committee met with Mayor Roger D. Lapham on August 2 and presented a program which includes annexation of San Mateo County to San Francisco.

According to the *News Bulletin* of the **San Francisco Bureau of Governmental Research**, discussion and plans for consolidation were an active issue for ten or fifteen years prior to 1930. Said the *Bulletin*: "Committees of prominent citizens in both counties, during the period the consolidation proposal was a live issue, took an active part in attempting to work out an acceptable basis to present to the voters of the two counties."

The board of freeholders which drafted the present San Francisco city-county charter provided for future consolidation with all or a part of San Mateo County by including certain sections in the charter setting up a borough form of government—to come into operation in the event of such consolidation.

Seattle League Committees Begin Fall Programs

By early September six committees of the **Seattle Municipal League** were already at work on the problems assigned them. Well attended meetings

discussed city charter changes, city and county budgets, November ballot propositions and other questions.

The Governmental Research Committee has held three meetings to consider proposed charter changes. The committee's findings will be transmitted eventually to the League Board of Trustees for final action.

The City-County Planning Committee has considered the proposed budget for the Seattle City Planning Commission and a proposed charter change to give the commission broader scope in its activities. Postwar projects have also been reviewed.

The City Budget and Finance Committee has discussed the preliminary city budget and appointed subcommittees to study specific departmental budgets. Members will attend weekly meetings of the City Council's finance committee.

The County Budget and Finance Committee is investigating the \$105,000 emergency budget request of the county treasurer whose budget for 1944 is nearly exhausted.

A program for increasing the League's membership from its present 2,000 to 2,500 has been outlined by the Membership Committee.

The Legislative Committee is studying the two amendments to the state constitution and the three initiative and referendum proposals to appear on the November 7 ballot.

Commenting editorially on the significance of the organization's committee work, the *Seattle Municipal News* says:

"Without the work by its committees, the League's program would not have much vitality. . . . From the study and recommendations by the League committees and board, followed by 'selling' them to public officials, come the positive, specific results in improving local public operations. This is the

primary justification of the League's existence. . . .

"More than 300 committee preference questionnaires have been returned from our 2,000 membership. Among the most popular choices were the city-county planning, candidates' investigation, housing, health and public assistance, Port of Seattle, and public schools committees."

Los Angeles Town Hall Reports on Redevelopment

The Need for Urban Redevelopment in California is the theme of a report issued by the Regional Planning and Development Section of the **Los Angeles Town Hall**.

The report discusses several proposals for urban redevelopment by private enterprise, including the Greer-Hansen plan as published by the National Planning Association, the Urban Land Institute plan which represents primarily the viewpoint of the National Association of Real Estate Boards, and the proposals put forth by the Federal Housing Administration. The several proposals are set up in outline form for easy comparison. Other chapters deal with proposed federal legislation and state legislation already enacted, and suggest basic provisions of an urban redevelopment law for California.

Recommendations are:

1. *Eminent Domain.* The right to acquire property for urban redevelopment through condemnation proceedings should be granted to the community only and not to private redevelopment agencies.

2. *Land Acquisition Agency.* For the assembling and disposing of property involved in urban redevelopment projects the local government should be required to designate an existing public agency or create a new one.

3. *Disposal of Land.* The local government should be permitted to convey land to the redevelopment agency by sale or lease.

4. *Comprehensive General Plan.* Be-

fore any local government may participate in a redevelopment program it should be required to have a planning commission and a comprehensive general plan drawn up and approved by this body. A precise project plan in conformity with the comprehensive plan and its approval by the planning commission and the local legislative body should be required before any redevelopment project is approved.

5. *Intergovernmental Cooperation.* Where two or more local governments share an area in need of rehabilitation they should be able to participate jointly either through contractual arrangements or by the delegation of sole responsibility to one of the communities.

6. *Redevelopment Agencies.* Any private individual, company or corporation should be permitted to engage in urban redevelopment and to acquire property from the local government for this purpose, and any public agency authorized by California law should be permitted to acquire property from the local government for the purposes for which it was created.

7. *Public Controls.* To insure that urban redevelopment shall operate in the public interest reasonable public controls of private operation are necessary and, as a part of the deed of sale or the lease agreement, a contract should be drawn between the local government and the redevelopment agency which includes the terms of the redevelopment plan and all other pertinent matters.

8. *Finance of Redevelopment.* For the acquisition of blighted land local governments which otherwise conform to the requirements of the proposed legislation should be permitted to receive federal assistance or credit under the terms of any federal urban redevelopment legislation which may be passed, and they should also be permitted to make use of their own financial resources for the purpose of urban redevelopment.

9. *Acquisition of Land for Future Redevelopment.* Communities should be permitted to acquire land for redevelopment without a prior commitment from a redevelopment agency for redevelopment of the land.

10. *Tax Abatement.* Tax abatement for redevelopment companies should

not be a part of the initial urban redevelopment legislative program.

11. *Limitation of Dividends.* Urban redevelopment should not be limited to agencies which accept a restriction upon the earnings or dividends which may be derived from redevelopment projects.

12. *Re-housing of Displaced Tenants.* Urban redevelopment legislation in California should not contain an unqualified requirement that the redevelopment agency itself provide or assure re-housing for displaced tenants.

13. *Racial Discrimination.* Racial discrimination should not be an issue in drafting urban redevelopment legislation for California.

Here and There

Bond Program Supported

The \$41,000,000 city-county-school bond program in Cincinnati has the endorsement of the **Cincinnati City Charter Committee** which states in its *News Letter*: "The importance of...support cannot be over-estimated in the light of the all but insuperable handicaps which the state legislature has imposed upon the approval of bond issues for public improvements." State law requires a 65 per cent favorable majority and calls for the segregation of the various items in the improvement program and a majority vote on each item. "Thus," says the *News Letter*, "it will be necessary to get 65 per cent of the voters to go into the polls and mark twelve or more separate and distinct ballot questions properly."

* * *

Watchdogs of the Treasury

Urging that citizens attend budget hearings and insist that needless expenditures be eliminated, the **Indiana Taxpayers Association** warns that, "while war prosperity and high wages may make taxpaying comparatively easy now, there is a possibility that decreased incomes in the future will make property taxes a more perplexing

financial problem. "Indiana is fortunate," says Walter T. Horn, executive secretary of the Association, "in having laws that afford taxpayers more opportunities to offer criticism during the preparation of budgets than any other state and the taxpayers should take advantage of these privileges."

* * *

Community Training Course

In connection with the program of the Greater Peoria Community and War Fund, the **Junior League of Peoria** is conducting a volunteer training program—lectures, panel discussions and field trips—as an orientation course for new League members and to acquaint public and private welfare agency board members with community problems. The study covers the city government, population and housing, industries, churches and schools, returning soldiers (the Peoria Plan for Human Rehabilitation) and the social services—welfare, health, child and family recreation.

* * *

"Armchair Citizens"

With this title the *Wisconsin Taxpayer* calls to task those who fail to exercise their citizenship at election time. The bulletin points out that only two out of five thought the election for governor in 1942 important enough to bring them to the polls. This was the lowest vote cast at a general election in the last ten years. For the April 1944 referendum on a two-mill property tax for paying state aid to high schools, only one out of three voters visited the polls. In commenting the *Taxpayer* states: "The large number of stay-at-homes when a state and local election day rolled around simply forgot that democracy is a grass-roots affair that has its basis in the local community and its problems."

Strictly Personal

The Cincinnati City Charter Committee announces the appointment by President Harry Drackett of **Arthur L. Thexton** member of the Charter Committee's board and executive vice-president of Clipay Corporations, as chairman of the Charter Men's Division. Mr. Thexton succeeds Robert F. Muhlhauser, widely known insurance man, who has been chairman of the division since 1940.

Miss Anna Lord Strauss, newly elected president of the National League of Women Voters, was the guest and speaker at the Department Day luncheon of the Illinois League of Women Voters on September 22.

Proportional Representation

Edited by George H. Hallett, Jr.

(This department is successor to the Proportional Representation Review)

Two Attacks on P. R. Charters

***Hamilton and Long Beach
to Vote This November***

Petitions to replace the present method of electing councilmen by the Hare system of P. R. with majority election at large have been filed with the Hamilton, Ohio, City Council, which has placed the question on the November 7 ballot.

Under the proposed amendment candidates for the Council are nominated by petition, their names to appear on the ballot without party designation as at present. Each voter may vote for as many candidates as there are members of the Council, the seven candidates receiving the highest numbers of votes being elected. No provision is made for a primary or preferential ballot to concentrate votes on candidates with a chance of election, which

means that the entire Council may very easily be elected by less than half the voters.

The amendment provides that the councilmanic candidate receiving the highest number of votes will become mayor and president of Council.

Hamilton, profiting by the experience of Cincinnati, its near neighbor, adopted the Hare system of P. R. in 1926 as part of a new charter providing the city manager plan of government. Previously it was one of the most boss-ridden and misgoverned cities in Ohio, infested with underworld characters and generally down at the heel. Under the new charter municipal services have been of a high order. Three attempts to discard P. R.—one in 1929 and two in 1933—were overwhelmingly defeated at the polls.

A Citizens Committee has been organized to conduct a campaign to defeat the amendment. The Woman's City Club, which took a leading part in securing the manager-P. R. charter of 1926, is also working to retain the present plan of election.

Citizen Probe Halts One of Two P. R. Repeal Moves

In a last-ditch fight to prevent the council-manager plan with the council elected by proportional representation from going into effect in 1945,¹ the dominant political machine in Long Beach, N. Y., has brought forth a substitute charter which will be on the November 7 ballot.

The proposed charter, prepared by a machine-minded charter commission, was rushed in just before the deadline in the midst of an investigation by the Citizens' Union, a local civic group,

of petitions to repeal P. R. The petitions, circulated by leaders of the political organization, had been filed with the city clerk and were examined at once by investigators for the civic organization. The mayor denied permission to make photostatic copies of the petitions to determine whether they contained forgeries. That evening the city council failed to take scheduled action to place the P. R. repealer on the ballot and substituted the proposed new charter. The P. R. repeal petitions were withdrawn by their sponsors.

The proposed charter is frankly an attempt to nullify the adoption of a charter amendment last November to provide P. R. and the council-manager plan but represents a retreat by the administration on several controversial points which have been under attack by the Citizens' Union.

It is provided that the council shall consist of four councilmen, elected from as many districts and receiving \$900 per year, plus the county supervisor who receives \$5,000 per year from the county. The council would elect its own president who would receive an additional \$300 per year. At present councilmen are paid \$2,500. Under the amendment sponsored by the Citizens' Union and adopted last November, the councilmen would be unpaid and the supervisor would have no vote in the council.

The "red herring" charter, as it is branded by the Citizens' Union, reduces the part-time mayor's salary from \$7,500 to \$5,000, retains the treasurer and tax assessor as elective officers instead of appointive as in the city manager amendment, provides for appointment of other officers by the council with the exception of administrative department heads, who would be named by the mayor.

¹See "Long Beach Adopts P. R.," NATIONAL MUNICIPAL REVIEW, December 1943, p. 618.

Senator Norris, P. R. Supporter

George W. Norris of Nebraska, who died early in September while in retirement at his home in McCook, Nebraska, after 40 years in the United States House of Representatives and Senate, included proportional representation among his many interests. For 25 years he was a member of the Advisory Council of the Proportional Representation League.

Known as one of the nation's foremost liberals, Senator Norris disregarded party lines and the political consequences of fighting for his principles. He built a reputation as a foe of special privilege, champion of the common man and a never discouraged advocate of government reform.

His philosophy was aptly summed up in a statement ten years ago in the *New York Times*: "He legislates for posterity rather than for a political clientele."

Among his greatest accomplishments were his fathering of the Tennessee Valley development under the TVA, the abolition of lame-duck sessions of Congress and the unicameral legislature in Nebraska. The adoption of the unicameral legislature by his state, a mechanism approved by students of government for many years and prescribed by the National Municipal League's "Model State Constitution," is considered an outstanding example of his freedom from outworn tradition. Senator Norris not only was author of the Nebraska reform but also led the campaign for its adoption in 1934 and contributed heavily to it.

In the formative stage of the unicameral campaign he told the editor of this department that he would be glad to see the one-house legislature elected by P. R. if sufficient understanding of the idea could be spread through the state to create a popular

demand for it. Unfortunately the P. R. League and the friends of P. R. in Nebraska were not then in a position to put on the statewide educational campaign that would have been needed.

Senator Norris also showed his belief in the proportional principle by joining Congressman Clarence F. Lea of California some years ago in sponsorship of a constitutional amendment to abolish personal presidential electors and to divide the electoral votes of each state among the candidates in proportion to the popular votes instead of giving them all to the leading contender.

Senator Norris' defeat for re-election to the United States Senate in 1942, at a time when he was revered by millions throughout the country, including a large minority in his own state, was cited in this department in January 1943 as a striking example of the need of P. R. in our own national legislature. It was pointed out that though proportional representation between states in the United States Senate is constitutionally impossible without unanimous approval of all the states, proportional representation within each state can be secured by a simple act of Congress whenever the people are ready for it. It will only be necessary to raise the number of each state's senators from two to three and provide for their election together at the same election by P. R. This, without sacrifice of majority rule, would insure senatorial representation to both major parties throughout the country, even in many parts of the "solid south," would make possible the election of an occasional independent as a minority representative, and would avoid the present tragic loss of the services of outstanding leaders like Senator Norris when the tides of party feeling tip the majority in their home states temporarily against them.

County and Township

Edited by Elwyn A. Mauck

Wayne County Tries Again for Home Rule

Constitutional Change To Be Submitted to Michigan Voters

ON November 7 the voters of Michigan will have another opportunity to amend their constitution to permit the residents of Wayne County (Detroit) the privilege of drafting a home rule charter that meets their needs. A similar opportunity was refused them in the elections two years ago by a vote of 221,000 to 143,000. If adopted the constitutional amendment would be an important forward step in overcoming the difficulties imposed by the uniformity provisions of the state constitution adopted 96 years ago.

The amendment would authorize election of a charter commission that would be charged with the preparation of a home rule charter for submission to the Wayne County electorate. The proposal states, however, that the charter must provide for a chief executive and a legislative body not to exceed 21 members.

The proposal states further that not more than two-thirds of the legislative body may be from the city of Detroit, and that outside the city members must be elected on a district basis. Nominations and elections must be nonpartisan and periodic reapportionment is required. The initiative and referendum are also provided for.

The term "home rule" is not used in the proposed amendment, and the proposal does, in fact, restrict the voters' choice to the alternatives of the existing system or the structure of government it provides.

The home rule features of the proposal are found in the provision, "Wayne County shall not by classification on any basis or by any method be made subject to any general law not applicable in actual fact in all counties," and in the provision, "Wayne County shall, under such charter, have power and authority to pass all laws and ordinances relating to its county municipal concerns." The latter provision not only confers a high degree of home rule upon the county, but it serves as another example of the trend in the transformation of urban and suburban counties from administrative organs of the state to municipal organizations possessing police powers. The transference of legislative power from the state to the county is clearly implied in the provision, "All local or special acts having local application, now in effect in said county, shall continue in effect, unless and until superseded by some provision of the charter of said county or by an ordinance adopted thereunder. . . ."

Adoption of the amendment next month will force the issue to a vote because it declares that an election of charter commissioners must be called and held within five months of the effective date of the amendment. The commission is to consist of 21 members, twelve from the city of Detroit. They must be residents but not on a city, county, village or township payroll, and they must be selected by a nonpartisan primary and election. Candidates for the primary may be placed on the ballot either by petitions signed by at least 500 registered voters or by a deposit of \$50 which will be returned if the candidate is nominated.

County Officials Hold National Conference

Over 300 county officials assembled at Syracuse, New York, on July 24

to 27 for the second annual war conference of the National Association of County Officials. A balanced program, on which appeared representatives of federal, state and county governments, evidenced the awareness both of county officials to other levels of government and of officials of other levels to the importance of county government.

The "sights" of the convention were adjusted to postwar problems. Howard Evans of the War Production Board explained evolving plans for distributing war materials after the war. Past trends in county finance were analyzed by Wylie Kilpatrick, county consultant of the Census Bureau, as a preparation for postwar financing.

Postwar planning was the theme for an entire session addressed by four Syracusians. The chairman of the Onondaga County and Syracuse Planning Commission, Chancellor Tolley of Syracuse University, and members of the Commission set forth the objectives and techniques of joint county-city planning in a "clinic" that unfolded practical guides to action.

The implications of the land policy of the federal government in whittling down local tax resources were canvassed by Edwin J. Reagin, president of the Interstate Association of Public Land Counties, and by other delegates pleading for equity in intergovernmental tax relations.

Every session was addressed by one or more county officials, who also foregathered between formal sessions for an exchange of views and anecdotes.

The National Association of County Officials is gathering momentum under the guidance of an able group of officers. The presidential term of Judge Truman H. Preston of Syracuse, New York, ended with this meeting; he was succeeded by W. D. Ralston of Middletown, Ohio.

Thirty states were represented at the convention. The largest delegation outside of New York was that from Utah which was headed by Governor Herbert B. Maw. The size of this delegation, as well as not a few other excellent features of the convention, was due in no slight degree to the efforts of the secretary of the Association, George F. Simmons of Ogden, Utah.

WYLIE KILPATRICK, *County Consultant*
Bureau of the Census

Census Bureau Issues 1942 County Finance Study

The U. S. Bureau of the Census has issued a 500-page volume on 1942 county finances.¹ It covers the finances and employment of all county governments in the United States. Since 1850 counties have been reported as part of *Wealth, Debt and Taxation* and similar studies by the Bureau, but this 1942 study, prepared under the planning and direction of Dr. Wylie Kilpatrick, county consultant of the Bureau, constitutes the first such federal report dealing exclusively with counties and presenting detailed information for all county governments in the United States.

In addition to a series of general tables covering county revenue, expenditures, capital outlay, debt, and employment, the compendium presents detailed information of the county governments by states. Each county is listed in each state, and the data recorded in a series of tables include revenue, general expenditures, capital outlay, public debt, employment, population, and economic characteristics.

The report reveals that of the total 1942 county government revenue of \$1,635,000,000, \$934,000,000 consisted of taxes paid by county taxpayers and \$551,000,000 was received as fiscal aid

¹County Finance 1942 Compendium, 1944.

from the state and federal governments. It further reveals a 1942 county payroll (excluding schools) of 332,231 persons drawing salaries and wages of \$422,000,000 for the year. Excluding areas lacking county governments and those in which counties are consolidated with cities, it was discovered that 116,000,000 Americans live under county governments, which constitutes the largest population affected directly by one type of local government in the United States.

An "independent county government" is defined in the report as "one with a separate governing body and personnel exercising independent financial powers adequate for a degree of discretionary management of one or more functions delegated to the county." The report identifies 3,100 units or areas blanketing the entire nation, but only 3,050 of these were considered independent county governments.

The remaining 50 units or areas include eight in the consolidated city-county governments of Boston, New Orleans, New York and Philadelphia; the legally denominated "city-counties" of Denver and San Francisco; and the "cities" of Baltimore and St. Louis which have absorbed all county functions. Also in the 50 are the 24 "independent" cities of Virginia which perform all municipal functions within their boundaries and the District of Columbia which is regarded as a municipality. The five county areas in Rhode Island have no organized government, and hence are considered not truly counties. The remaining eight units are the sparsely populated areas of five attached counties in South Dakota and portions of Yellowstone National Park lying in three states.

The scope of the report includes all general government financial operations, embracing county departments and all

institutions, agencies, and districts administered as part of the county government. Excluded are detailed transactions of county-owned enterprises and of trust and sinking funds. County debt is defined to include both general and enterprise obligations and sinking fund or other debt offsets are likewise shown in order to ascertain net long-term debt.

The report classifies general revenue into the categories of county taxes, fiscal aid from other governments, and service charges and miscellaneous. General expenditures are placed in the categories of operations, capital outlay, and fiscal aid to other governments. Where possible, comparisons are made with financial statistics for 1932.

For 1943 and later years, the Census Bureau's annual report on county finances will take a representative sample of approximately a thousand counties including some large, some small, urban and rural.

Merit System Adopted in Ventura County, Calif.

Electors of Ventura County, California, by a two-to-one vote, have adopted the merit system. The new civil service provisions will place 500 county employees in the classified service. The Board of Supervisors has appointed a Civil Service Commission to administer the system.

Illinois Proposal Gives County Officials Successive Terms

Next month the electorate of Illinois will vote on a proposed amendment to the state constitution which would permit the county sheriffs and the county treasurers to serve for two or more successive terms. Under present provisions of the constitution they cannot serve for more than one term without an interval out of office.

Taxation and Finance

Edited by Wade S. Smith

Port Authority Tax Exemption Affirmed

U. S. Circuit Court Rules Bond Interest Not Subject to Federal Government Tax

IN A two-to-one decision handed down August 24, the U. S. Circuit Court of Appeals for the Second District, at New York, affirmed the decisions of the United States Tax Court¹ in the Port of New York Authority and Triborough Bridge Authority cases, ruling that interest on Authority bonds is exempt from federal income taxes.²

The majority decision, written by Judge Hand with Judge Chase concurring, held, as had the Tax Court's ruling, that the Authorities were political subdivisions of the states of New York and New Jersey and as such were entitled to exemption under the revenue law. The Tax Court had held that no constitutional issues could be involved unless or until the Congress amended the revenue act to remove statutory immunity, and in this the Court of Appeals concurred.

In a dissenting opinion Judge Frank argued that the Authorities were not entitled to the immunity because, among other things, they lacked the power to tax property *ad valorem* and hence were not political subdivisions within the meaning of the statute. Considerable emphasis was placed on the

thesis that Congress in enacting the immunity could not have intended to extend it to authorities, since no use had been made at that time of the revenue bond.

The justice in this was, of course, overlooking the fact that no later than the end of 1910 Spokane and Tacoma, Washington, had both issued rather large amounts of bonds for their respective municipal electric systems, secured solely by a pledge of specified revenues and not eligible for property tax support, while there had been even earlier use of the pledged revenue device in scattered instances which can hardly have been unknown to the members of the national legislature.

"Little" Townsend Plan Plagues West Coast

Voters in Arizona, California, Oregon and Washington will probably be called on again this fall to pass judgment on grandiose old-age pension schemes, this time appearing in the guise of a so-called "Little Townsend Plan" to provide \$60 monthly pensions financed from proceeds of gross income taxes.

The preliminary skirmishes revolve around efforts to keep the measures off the ballot. In Oregon, where the constitution requires that constitutional amendments be submitted separately for referendum, the first round has gone to the pensioners. There the Circuit Court of Marion County held on September 7, 1944, that the constitutional requirement governed as to measures referred by the legislature, but did not apply to initiated amendments. The proposed Oregon amendment admittedly covers a lot of ground including among other things a prohibition against a state sales tax, although its 3 per cent to 5 per cent gross income tax is in effect such a tax.

Similar measures have been defeated by decisive majorities in elections in

¹NATIONAL MUNICIPAL REVIEW, March 1944, p. 154.

²Those interested in studying the opinions in the two cases may secure copies from *The Bond Buyer*, 67 Pearl Street, New York 4, N. Y., which has printed the complete text in pamphlet form, at 50 cents each.

all these states in earlier years, so their reappearance is probably notable mostly for its nuisance value.

Miami Considers Sewer Charge

With a \$12,000,000 sewerage disposal system in prospect, Miami, Florida, city officials are said to be considering imposition of a monthly service charge to meet the cost. Preliminary estimates place the charge at from \$1.25 to \$2 per month for residences, to be collected on water bills.

The possibility of merging the water and sewer systems is also said to be under study, since about \$10,000,000 of new water bonds are to be sold to re-finance \$7,600,000 outstanding water bonds and finance new wells.

1944 Legislatures Make Property Tax Changes

The greatest number of 1944 state tax laws of any single category dealt with the property tax, reports the Federation of Tax Administrators.

California has amended its state constitution to permit the taxation of federally-owned land and other property previously exempt; this will permit taxation of vast properties controlled by the Reconstruction Finance Corporation or its subsidiaries for which Congress has waived immunity.

New Jersey repealed the exemption granted up to now on property owned by the United States, while New York provided that United States property taxable under federal law shall no longer be exempt from state taxation. Similar action was taken in Virginia.

Kentucky made rural electric cooperative corporations subject to ad valorem and franchise taxes; Virginia made supplies of pulpwood, veneer logs, mine props and railroad ties subject to the capital tax.

Deductions and exemptions of vari-

ous types were established in Kentucky, Mississippi and Virginia. Kentucky provided that federal bonds as well as bonds of the state and its localities need not be included in computation of total property in determining the exemption of corporate stock in the hands of stockholders; Mississippi while eliminating certain exemptions established an exemption from property taxation for factories or plants which slaughter, cure, pack, can or otherwise preserve animal food; Virginia granted exemptions of money on hand or on deposit for taxes on employees' wages and salaries and withheld by the employer subject to capital tax but not paid over to the government.

Virginia also enacted several technical amendments in the property tax field, abolishing oath and affirmation on tax returns for property taxes, changing the date for filing returns from June 1 to May 1, and regulating the freezing of property tax assessments in counties with a certain density of population.

Louisiana provided that common carriers, except by water, and public utilities shall be assessed by the State Tax Commission instead of local assessing officials and reenacted for another two years the gas-gathering tax at a rate of 1/2 cent per 1,000 cubic feet.

St. Louis Has \$63,500,000 to Spend on Postwar Plans

The postwar projects fund of St. Louis has now reached the sizable sum of \$63,500,000. At the August primary \$43,527,000 was added to the funds already available from earlier bond issues etc. The money has been earmarked for 165 projects which will provide an estimated 23,100,000 man-hours of employment.

The eleven proposals with specific appropriations approved at the primary include a new major airport, hospital

improvements, increased fire protection facilities, sewer construction, street improvements, new facilities at the zoo.

Largest majority was given the \$950,000 appropriation for hospitals and institutions. This amount together with other funds available will provide \$3,50,000 for improvement and expansion of facilities at the city hospital, the Negro hospital, city sanitarium, tubercular hospital, city infirmary and the St. Louis training school. More than 1,000,000 will be spent to build a hospital for the chronically ill.

Fire Protection and Sewers

Next two most popular projects in the primary were the \$800,000 bond issues for fire protection and \$7,957,000 for sewer construction. Voters also approved the \$7,800,000 asked for street improvements; \$2,200,000 for a fire-police electric alarm system; \$7,500,000 for waterworks extension; \$1,778,000 for bridges and viaducts; \$3,625,000 for parks and recreation; \$750,000 for the zoo; and \$250,000 for the art museum.

The \$9,897,000 suggested for airport development ranked fourth in voting interest. The city now has a total of 10,000,000 to spend for a new airport and \$4,000,000 for the expansion of St. Louis-Lambert field.

The Board of Public Service will contract with private firms for design and engineering work to speed plans for starting construction when peace is declared, according to the American Society of Planning Officials. An expenditure of \$3,000,000 is proposed for engineering and specifications.

If the original plan outlined by the postwar projects committee is followed, more than 60 per cent of the \$63,500,000 will be spent for labor, including work in preparing a substantial reserve of jobs before conversion of war plants is completed.

Local Affairs Abroad

Edited by Edward W. Weidner

Collective Bargaining for England's Local Governments

Reorganized Whitley Councils Bring New Growth in Practice

WHITLEYISM, long an effective force in government-employee relationships in the civil service (national government), is gaining new strength in England's local government service. This is the significance of the reorganization, last November, of the National and Provincial Whitley Councils for the Local Government Service.

Although Whitleyism¹—a means of collective bargaining between government and its employees—is 25 years old in local government, only three provincial councils have functioned continuously throughout that period.²

In 1920 a National Whitley Council for Local Government was established; the government side was represented by members of the four local government associations—Association of Municipal Corporations, County Councils Association, Urban District Councils Association and Rural District Councils Association—and the London County Council, while the staff side was represented chiefly by NALGO (National Association of Local Government Officers³) as well as by two

¹J. H. Whitley, who later became speaker of the House of Commons, was chairman of a committee on relations between employers and employees which proposed in 1917 the establishment of a system of joint industrial councils.

²See *Civil Service Staff Relationships*, by E. N. Gladden, William Hodge and Company, Ltd., London, 1943, pp. 145-7.

³Local government "officers" in Eng-

smaller organizations. Its main functions of helping set up provincial and local joint councils and of recommending salary and condition of service standards were completed in less than a year, and it ceased to exist.

In 1936 a National Joint Council was created to replace the Standing Conference of Joint Councils which for many years sought to promote co-operation among the provincial Whitley groups. Unlike the 1920 body, representation was based upon provincial councils, each of which had six representatives, three from each side—government and staff. By last year membership of the National Joint Council reached 120.

After what NALGO termed a "long and weary struggle," it was instrumental in securing the reconstitution of the National Whitley Council for the Local Government Service—officially called the National Joint Council for Local Authorities' Administrative, Professional, Technical, and Clerical Services—in November. The primary purpose of the reorganization was the formation of a council "upon which the local authorities associations would be represented, and which would, by reason of that fact, be fully representative of all local authorities in the country."⁴

Thus for the first time it is possible to have the pay and conditions of service of local government officers⁵ nationally standardized by employer-employee negotiation and consultation, for the joint body's decisions will be "both morally binding upon and legally enforceable against every local authority in the country."⁶

The new Whitley Council for the

land include, in general, administrative, professional, technical, and clerical employees.

⁴*Local Government Service*, November 1943, p. 469.

⁵*Ibid.*, January 1944, p. 1.

Local Government Service is composed of 60 members, 30 from each side, plus an independent chairman appointed by the Minister of Health. An executive committee of fourteen members from each side has been established, NALGO getting ten of the fourteen employee seats. The sixteen provincial councils also were somewhat reorganized; most of them accepted the recommended model provincial council constitution.

Underlying these changes in Whitley organization was the growth of Whitleyism. In 1932 three provincial councils covering 145 local authorities existed. By 1939, of the 1,530 local governments in England, 460 were supporting Whitleyism; by December 1943 the figure was 728. Six months later 940 local authorities comprising sixteen provincial councils were subscribing to it. For the first time a majority of local authorities were participating in collective bargaining through national machinery. Much of this recent increase is due to the reorganized National Whitley Council for the Local Government Service.

Local Government Employees Debate Union Affiliation

Two of the most important matters confronting the National Association of Local Government Officers after the Whitleyism victory are a decision on affiliation with the Trades Union Congress and a campaign to secure permanent compulsory arbitration.

A decision on affiliation has been postponed a year since the annual conference of NALGO was cancelled because of the war. Early this year the National Executive Council voted 47 to 10 for postponement of the issue until after the war—it had planned to offer a motion to that effect at the conference. Five local groups filed "notices of motion," however, for immediate affiliation.

Last year's conference voted in favor of affiliation, but instructed the National Executive Council to conduct a poll of the branches and districts to see if the matter would be made more conclusive. Results of the poll showed 59 branches with 43,152 members voting for affiliation, 163 branches with 9,326 members voting to defer consideration, and 71 branches with 12,382 members against affiliation. With a clear majority of branches and members against immediate affiliation, opponents of the move prevailed.

Compulsory arbitration as provided by the Conditions of Employment and National Arbitration Order is a wartime innovation so far as local government employees are concerned. Early in 1943 the judgment given by the House of Lords in the Bolton case enabled local employees to bring appeals in disputes with their employers to the National Arbitration Tribunal. Since then several important cases have come before that body or the Industrial Court. The order provides only wartime machinery, however.

Commenting on wartime experience with arbitration, *Local Government Service* for February 1944, (p. 21) said: 'It has demonstrated beyond a shadow of a doubt the need—for which NALGO has long pressed—for a permanent, statutory, and impartial tribunal, with overriding powers, to determine conflicts between a local authority and its officers. Today under the National Arbitration Order we have such a tribunal, and every member of NALGO knows how many injustices, in the field of cost-of-living bonus, war service pay, and other matters, it has enabled the association to remedy. But the Conditions of Employment and National Arbitration Order is a temporary wartime measure and it may go after the war along with other emergency legislation. We must ensure that, if it does, we do not

return to the position as it was before the war, but that some other body no less powerful and comprehensive in its jurisdiction takes its place."

Local Government Franchise in England

The Speaker's Conference on Electoral Reform and Redistribution of Seats, which reported last June, proposed a radical change in the local government franchise. It recommended the assimilation of the local government and parliamentary franchises.

Unlike parliamentary elections, local government elections in England have not been on the basis of universal suffrage. The principle of no representation without taxation has been in force; citizens renting furnished rooms, adult children living with their parents and servants "living in" have not had the local franchise. Therefore two voting registers have been kept, one for each set of elections.

The question of electoral reform arose this year because plans for the resumption of local and parliamentary elections are being considered. For the fifth year, local elections were postponed for 1944. Principal reasons were that the local register is out of date and that local staffs are so depleted that elections would interfere with more important work. The only wartime register maintained has been that for parliamentary elections under the Parliamentary Electors (Wartime Registration) Act, 1943. When a vacancy occurs in a local government council during the war, someone duplicating the past member's political affiliation is appointed to fill it.

The 32 members of the Speaker's Conference (29 from the House of Commons, three from the House of Lords) were appointed last February and were asked to consider, among other matters, reform of the parliamentary and local government fran-

chises including possible merger of the two. Groups representing the Association of Municipal Corporations and the County Councils Association came out in favor of assimilation of the two franchises. In addition to the merits of extending the local franchise, the fact that by assimilation local government elections could be held much sooner because of the available parliamentary register was a factor in favor of the merger.

The report of the Conference states: "The local government franchise shall be assimilated to the parliamentary franchise and the parliamentary and local government elections shall be held on the same register, provided that peers shall not lose their right to vote in local government elections." The reception of this part of the report has been, in general, favorable. Inasmuch as the last registers showed 24,000,000 on the local government elector roll and 32,000,000 on the parliamentary roll, 8,000,000 new voters will be added if the proposals of the Conference are put into effect.

Although the question was brought up before the Speaker's Conference issued its report, there has been little interest shown in providing a system of absentee voting for local elections advocated by a few individuals.

English Local Borrowing Regulations Discussed

The Chancellor of the Exchequer, Sir John Anderson, has sent a memorandum to the local authority associations for their observations outlining the government's proposals on borrowing by local governments after the war. Stating that large capital expenditures, both public and private, "will be vitally necessary in the national interest and it is essential that [they] should be financed not merely in an orderly manner but as cheaply

as possible," the memorandum goes on to outline a proposed postwar policy which will permit borrowing to be centrally controlled and timed.

All local authorities should, with certain exceptions, "borrow only from a central source which will be supplied with the necessary funds by the treasury." The advantages of such a plan are outlined as follows. "The necessary funds will be raised by the treasury as and when it is most convenient from the point of view of its general borrowing program and of the state of the market from time to time. Local authorities will get essential finance whenever they need it and will not be subject to market delays. The rate of interest of their borrowing will be determined by the central government's own credit, as measured by the market rates for treasury issues of corresponding periods, with the addition of a very small charge for management expenses."

The exceptions are that a local authority should be free to borrow surplus funds which other local authorities have available for investment, and to borrow from its own sinking funds, superannuation funds and other similar internal funds. In addition, a local authority may borrow temporarily by bank overdraft and it may borrow by a mortgage of rates and other revenue to provide for repayments of existing mortgages.

Previously, local authorities had access to the money market much like private borrowers and could issue securities. Also, their borrowing by mortgage was not limited as is now proposed. With few exceptions, local governments in England have not been able to borrow except with the consent of the proper central government department, usually the Ministry of Health.

Books in Review

Cities of Latin America. Housing and Planning to the South. By Francis Violich. New York City, Reinhold Publishing Corporation, 1944. xii, 241 pp. \$3.50.

It is indeed a refreshing experience to read a book which discusses Latin American countries in terms not only of what they can learn from us but also of what we can learn from them. This is especially true in the housing and planning field, long regarded as a near-monopoly by North Americans. The experience is still more rewarding when the author is as competent an observer as Francis Violich.

There is much in the book that is not new. The people of this country have long been conditioned to accounts of the general technical backwardness of Latin America, to its deplorable slum conditions, and to its lack of adequate sanitary facilities. But few have pointed out why these phenomena exist or have taken the trouble to give a picture of the other side of the ledger.

There are four essential ways in which Latin American cities differ from ours: "in their age since settlement, in their economic youth and unbalanced industrial development, in the concentration of population, and in the strong influence from Europe" (page 45). The second factor, especially, explains many of the deplorable conditions which exist.

The reader may be surprised to find how old some of the "modern" city planning techniques are in America. The founding of the "majestically planned" city of Macchu Picchu 1500 years ago is an example of how long city planning has been taking place in Latin America.

As one goes through the pages rich in description and understanding of

housing and planning problems of our neighbors to the south, one begins to see Latin America not only in physical terms, but culturally, socially, and economically as well.

We can learn from the Latins. This is the most important conclusion the author draws. Besides many variations of technique, we can learn "to make our sterile cities more human, more habitable, more urbane. We can learn how satisfactory are less material values, and we can give vigor to our still immature, newly-emerging culture. We can slow down our frantic pace, and reshape our cities for increased leisure and more pleasant living" (page 202). "Compare the community use of the beaches of Montevideo and Rio de Janeiro with privileged use at Miami Beach, Florida, or the beaches of the Los Angeles area. . . . In Rio de Janeiro, in Montevideo, in every other Latin American seaside city which I visited, I found not a single case where private privilege had preference over public use of natural scenic areas" (page 203). And finally as to social democracy: "In front of the Copacabana Palace Hotel (Brazil), the lowliest worker, black, white, or tan, can sunbathe along with the highest diplomats. Yet we call ourselves democratic!" (page 204).

Property private or public has a social use which is primary. This we can learn from the Latins.

E. W. W.

Additional Books and Pamphlets

Absentee Voting

Absentee Voting Information for the Men and Women of the Armed Forces of All the United States. New York,

Young Republican Club, 1944. 53 pp.

Assessment

Should the United States Adopt the British System of Assessing Realty? By Arthur Collins, etc. New York 10, Tax Institute, 1944. 31 pp. 50 cents.

City Planning

City Plan, Salt Lake City, Utah, 1943. Salt Lake City, City Planning and Zoning Commission, 1943. 87 pp. Maps, illus.

Los Angeles: Its People and Its Homes. By Earl Hanson and Paul Beckett. Los Angeles, California, The Haynes Foundation, 1944. viii, 209 pp.

Master Plan of Residential Land Use of Chicago. Chicago, The Chicago Plan Commission, 1943. 134 pp.

Tacoma the City We Build. A Report from the Mayor's Research Committee on Urban Problems. Tacoma, Washington, City Council, 1944. vi, 147 pp.

Your Dallas of Tomorrow. A Master Plan for a Greater Dallas. Report No. 1, Character of the City; Report No. 2, Scope of the City Plan. St. Louis, Missouri, Harland Bartholomew and Associates, 1943. 51 pp.

Constitutions

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¹For a review of this volume see p. 491 this issue.